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WISCONSIN STATE LEGISLATURE ... PUBLIC HEARING - COMMITTEE RECORDS

2009-10

(session year)

Senate

(Assembly, Senate or Joint)

**Committee on ... Labor, Elections, and Urban
Affairs (SC-LEUA)**

COMMITTEE NOTICES ...

- Committee Reports ... **CR**
- Executive Sessions ... **ES**
- Public Hearings ... **PH**

INFORMATION COLLECTED BY COMMITTEE FOR AND AGAINST PROPOSAL

- Appointments ... **Appt** (w/Record of Comm. Proceedings)
- Clearinghouse Rules ... **CRule** (w/Record of Comm. Proceedings)
- Hearing Records ... bills and resolutions (w/Record of Comm. Proceedings)
 - (**ab** = Assembly Bill) (ar = Assembly Resolution) (**ajr** = Assembly Joint Resolution)
 - (**sb** = Senate Bill) (**sr** = Senate Resolution) (**sjr** = Senate Joint Resolution)
- Miscellaneous ... **Misc**

A QUARTER MILLION STRONG!

American Federation of State, County and Municipal Employees, AFL-CIO





The American Federation of State, County and Municipal Employees, AFL-CIO, established the AFSCME Retirees organization in 1980. Today, with nearly a quarter million dues-paying members in 40 chapters and more than 250 local subchapters, it is the largest organization of public-sector retirees in the nation and the fastest growing retiree group in the labor movement. AFSCME retiree-members are involved in almost all union activities, but concentrate on protecting members' retirement security. Key issues for the AFSCME Retirees include pensions, retiree health care, Social Security and Medicare.

**American Federation of State, County and
Municipal Employees, AFL-CIO**

Gerald W. McEntee, *International President*
William Lucy, *International Secretary-Treasurer*

AFSCME Retirees

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AFSCME

Retiree Bulletin

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AFSCME RETIREES

BACKGROUND

The AFSCME Retirees, which began operation in 1980, is an expanding national network of retired public sector workers. In the last twenty years, the program's membership has grown from 60,000 to over 235,000 dues-paying retirees in 40 chapters and 250 local sub-chapters.

The program was established by an amendment to the AFSCME Constitution that created a separate new structure for retiree membership in the union. The AFSCME International Executive Board (IEB) established guidelines for the program's operation.

MEMBERSHIP ELIGIBILITY

Membership is open to all retired public employees who were members of AFSCME or who were eligible to be members while working. Spouses are also eligible to join and are encouraged to participate in retiree activities.

STRUCTURE

Local

AFSCME retiree chapters and sub-chapters are similar to the council and local union structure for working members. As with the local unions, chapters and sub-chapters elect their own officers, set their own priorities and establish their own budgets. They have the same rights of autonomy as any AFSCME affiliate. Model constitutions for AFSCME chapters and sub-chapters have been developed in accordance with the International Union Constitution.

(over)

National

Direction at the national level is formulated by the AFSCME Retirees Council. This body, composed of the Presidents of all affiliated retiree chapters (with some additional representation for our largest retiree groups), establishes priorities for the program. National program priorities generally can be divided into the following areas: Federal policy and legislation affecting senior citizens; retiree education, training and mobilization; organizing; and state/local policies and legislation on public retiree issues.

The Retirees Council meets annually and elects its own Chair, Vice-Chair and Secretary. The IEB has a retirees committee, chaired by AFSCME Secretary-Treasurer William Lucy, which is the vehicle for consideration of any changes proposed by the Retirees Council.

At the 1986 AFSCME Convention, delegates adopted a constitutional amendment that provides each retiree chapter with a voice and a vote at the International's biennial conventions. At the 2006 AFSCME Convention, a constitutional amendment was adopted making the Chair of the Retiree Council its official representative to the IEB

Dues

The minimum dues for a chapter member are \$15.00 per member per year, with \$11.40 remaining on the state and local levels. The International's retiree fee is \$3.60 per member per year. Chapters are free to raise their dues above the minimum and many have done so in order to have additional resources for their activities.

Benefits

Members receive an official membership card from the International. They also receive subscriptions to AFSCME's national magazine, *AFSCME WORKS* (which often features retiree issues) and the AFSCME Retirees quarterly newsletter, *PrimeTIME*.

AFSCME extends to the retirees any benefit in the AFL-CIO Union Privilege Benefit Program to which the International subscribes (known as "AFSCME Advantage" benefits). Currently, these include the MasterCard, low-cost life insurance, discount legal services, and low-interest mortgages, among others. If a working member retires and wants to continue these benefits, the retiree must join an AFSCME Retiree Chapter.

Support from AFSCME Council and Locals

Many AFSCME councils and large unaffiliated locals have actively sponsored the organization and development of retiree chapters. Several provide office space, legislative assistance and general support services to their group. In addition, the retiree

chapter members are generally included on the subscription lists for union newspapers, which frequently publicize chapter activities and retiree issues. As a parting gesture of support and appreciation, local unions are urged to pay the first year's dues in the retiree chapter for their retiring members.

CHAPTER ISSUES

AFSCME retiree chapters serve to unite and mobilize retirees behind common goals, particularly the protection and improvement of their public sector pension and health benefits. With these benefits under increasing attack, public sector retirees must be constantly on the alert for what is often an insensitive political system.

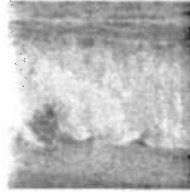
Skyrocketing increases in health care costs have become a particular concern, since they can lead to cost-shifting to retirees, cuts in benefits and diminished options for care.

There are also problems on the pension side, especially in the area of post-retirement pension adjustments, which don't exist in some public retirement systems. In order for retirees to maintain their pensions' buying power, they need to receive automatic annual adjustments or periodic ad hoc increases.

Both the health care and pension issues are central to the legislative programs of AFSCME retiree chapters around the country.

On the national level, AFSCME and its retiree chapters are involved in a wide range of Federal issues that are important to senior citizens. These include protecting Social Security and Medicare, fixing problems in the Medicare prescription drug benefit, controlling prescription drug and health care costs, and establishing a system of universal coverage of long-term care.

The AFSCME Retirees represent the interests of retired public employees through membership in major national coalitions, such as the Leadership Council of Aging Organizations, the National Conference of Public Employee Retirement Systems and the public sector Coalition to Assure Retirement Equity (CARE). The AFSCME Retirees are also a supporting organization of the Alliance for Retired Americans, the only senior citizen organization endorsed by the AFL-CIO.



As you approach retirement from your public-sector job, AFSCME has a few words of sound advice: Maintain a positive attitude. If you look at your retirement as an *opportunity* for new experiences and as a *chance* to fulfill lifelong dreams, you could be on the brink of a very exciting time. In fact, it may turn out to be the very best time of your life.

A satisfying retirement will require careful planning, however, and it's never too soon to start. Planning for retirement means taking stock of your finances and addressing your future needs. It means giving serious thought to a wide array of leisure activities, exploring opportunities for volunteer work and post-retirement employment and, generally, redefining what you really want out of life.

Retirement certainly is full of choices. To make the right ones for your particular circumstance, however, may call for expert advice. Unfortunately, many public-sector employers provide only limited counseling for retiring workers. Often, they merely present them with a list of pension options and ask them to pick and choose. If an employee needs guidance in choosing an option, or would like information on other aspects of retirement, he or she usually has to look elsewhere.

That's why AFSCME produced this handbook for soon-to-be-retiring members. The book, which is filled with useful information prepared specifically for public-sector workers, will answer many of your questions about retirement. After you read it, we think you'll have a new feeling of optimism about the future and a better sense of the adventure that retirement can be. For AFSCME members who are about to become AFSCME retirees, we don't think we could offer a better service.

Of course, once you are officially retired and enjoying the life you planned so well, AFSCME can provide you with another valuable service: the AFSCME Retirees. We hope you will join the program as an active member of an affiliated Retiree Chapter, and continue as part of the AFSCME family for many years to come.

Gerald W. McEntee
International President

William Lucy
International Secretary-Treasurer

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What's Ahead?

Your Future in Retirement

Why Plan for Retirement?

All of us plan activities intended to add enjoyment to our lives. These may include socializing with family and friends, going to museums or theaters, gardening, attending sporting events or going camping during summer vacations.

If we plan for a few days of vacation, it only makes sense to do some planning for 15 to 20 years (or more) of retirement. Most of us, unfortunately, have not developed a clear idea of how we want to live in retirement. In fact, with all of the uncertainties that exist today, we may be tempted to put off thinking about it. We've got to decide to start planning *now*, because, if we don't, we never will.

WHAT CAN RETIREMENT PLANNING DO FOR YOU?

It is not surprising that the strongest advocates of retirement planning are those already retired. As a result of their own experiences, they not only stress the importance of planning, but also urge that people begin to plan their retirement as early as possible.

Retirement planning helps us to:

- Recognize that each of us is responsible for our own retirement.
- Acknowledge that we have more control over our futures than we may have realized.
- Identify options that now exist, or which we could create, that could benefit us in our retirement.



- Be ready for retirement emotionally, physically, socially, and financially.
- Define one or more desirable and achievable retirement lifestyle for which we can plan.

As suggested by this list, retirement planning is the key to making the most of retirement.

WHAT DO YOU EXPECT FROM YOUR RETIREMENT?

Studies have shown that most of us will have the type of retirement that we expect. If we expect it to be satisfying and rewarding, we will plan it that way. If we expect that it will be a time of loneliness and boredom, we may do little or nothing to avoid those results.

Looking Forward to Retirement

The challenge for a person retiring today and in the years ahead is to not leave the future to chance. You have the choice: You can make decisions about your future with little information and no planning — and hope things will turn out — or you can get more information and make plans that will take you where you want to go with your life.

Being Ready for a Satisfying Retirement

Are you ready for a satisfying life in retirement? Does that seem like a silly question? Being ready is more than waiting for it to happen. It means seriously thinking about it, planning for it and taking some steps to make it happen. That's the real key — DO SOMETHING! Start now to plan your retirement, even if it's some years away. Then you will be ready for a satisfying retirement.

A Lot to Think About

People who are retiring now and over the next 20 to 30 years are, in a sense, pioneers. You are among the first of this or any society to have a chance to experience a real "retirement," and experience it in a positive way. This is due to improved pension plans and Social Security, as well as the dramatic increase in life expectancy. Among the things you will need to consider in your retirement plan are:

- What will your financial situation be in retirement? Will you be able to live the way you want, or will you need (or want) to make some changes? What will your retirement cost you?
- What effect will future inflation have on retirement expenses? (No one knows for sure, of course, but we can be fairly certain that things will cost more in the future.)
- What are the ways to make your money grow before, and even during, retirement?
- How will you maintain your health in retirement? What do you think will happen to your health as you get older?
- How important are friends and relatives? How will your retirement change your relationships, and what can you do about it?

- How will you spend your time in retirement? Do you expect to be busy? Do you have a lot of interests?
- Where will you live when you retire? And what about 15, 20 or 25 years after retirement?

SETTING YOUR RETIREMENT GOALS

For each of the questions in the preceding section, you can set some personal goals for your own retirement. What do you want your retirement to be? What can you do now to help make it that way?

What kinds of goals should you set?

We all know that we will need to set goals for providing food, clothing and shelter in retirement. We've always had to plan for these. But we will also need to set some goals to help us get the sense of belonging, respect, achievement and personal satisfaction that we need to make our lives worthwhile. The key is to set goals that are *practical*, with plans that are *doable*.

Know Yourself: A Key to Retirement Planning

Making your retirement future something to look forward to means knowing yourself well. Consider the following questions as a guide:

- What were the events during your life that were real "high points"? What made them so good?
- At the time of these high points, did you feel "successful"? Why or why not? What is real "success" in life?
- What do you like about your present life and the things you do? How can you continue to get the same feelings of comfort and happiness in retirement?

If you know yourself, plan your finances carefully, look for new ways to be productive and creative and expect to enjoy yourself, you can have the best possible retirement. It's your future. Plan it that way.



Financial Planning

Financial Planning for Retirement – What’s It All About?

Even the sound of the word “budget” is enough to make most of us want to leave the room. Fortunately, financial planning — as we will discuss here — is NOT about budgeting as such. And no, it is not about doing without the things you want. Instead, it’s about financing a satisfying lifestyle for your retirement.

Let’s face it — you’ll need money to be happy in the future. A little financial planning — the type an average person can do — can start earning you hundreds or even thousands of extra dollars each year. These earnings could start soon and amount to a sizeable sum over time.

HOW CAN FINANCIAL PLANNING HELP?

It is a fact that financial planning is even more important for the person with an average income than it is for someone with a very high income. The average person has to make his or her income stretch to cover many needs, and there is typically little money left each month after paying the bills.

Yet, despite current expenses, you need to look ahead to the time when work income will stop due to retirement. You want to feel that if you must stop or choose to stop working, you will be financially secure.

Financial planning can help in a number of ways. It can:

- Provide a realistic picture of the money you will actually need at the time you wish to retire.

- Help you to make more beneficial use of your current income and savings.
- Combat the effects of inflation on your savings.
- Push you to take advantage of savings options that exist now, but may not be available later.
- Identify the expected sources and amounts of your retirement income.

GETTING YOUR FINANCIAL RECORDS TOGETHER: AN ESSENTIAL FIRST STEP

Do you have all of your important financial papers and records organized so that you can easily refer to them? If so, you are to be congratulated. If you are like most of us, though, you have your records spread all over the place, ranging from a drawer in the bedroom to a box in the attic.

Is it really important to have your records in one place? Well, it can cost you and your family money if you don’t. A surprising number of important papers get lost, forgotten, overlooked or just cannot be located when they are needed. Many insurance policies are never cashed. Under either government or private programs, if you don’t file a claim for a benefit for which you are eligible, you won’t get it. Bank books, military discharge papers, stock certificates, bonds, pension eligibility papers and deeds can easily get lost or overlooked, particularly when only one or two people know they exist.

TODAY is the time to gather all of your important financial records together. Include recent tax returns along with other important papers. By gathering them together, you will have done yourself (and your spouse) a service.



Some of the types of papers and records you need to locate include:

- Income tax returns and supporting data
- Bank accounts
- Business interests/records
- Deeds to properties
- Insurance policies (all types)
- Wills
- Pension plan papers (private, government, military)
- Savings and loan accounts
- Social Security records
- Stocks, bonds and other securities

The chances are you will not be able to completely compile your records without checking with your employer, your insurance company, your Social Security office, or perhaps some other source to get certain up-to-date information.

Once You Have Your Records Together

After you have rounded up your important financial papers and have made a record of them, put them in one safe place so that you and others will know where they are and will be able to find them when they are needed.

CAUTION In some states, a safe-deposit box is sealed in the event one of its owners dies. No one can get into the box until a probate judge permits the box to be opened under the court's supervision. Therefore, if you use a safe-deposit box, you may decide to keep a copy of your will and other papers of importance in one safe place at home.

Potential Sources of Income

You may be pleasantly surprised about the total retirement income you can expect to receive from all sources combined. You may find that it will cover all of your estimated expenses. However, you should not leave this to chance. This section will help you to compare expected income with expected expenses. Get the facts now, so that you can plan on a solid basis.

FIGURING THE INCOME YOU NEED

Each of us probably has a vague idea of how we want to live in retirement. Few people, though, have given much thought to what a satisfying retirement lifestyle might really cost.

You might be pleasantly surprised to learn that you can afford to continue your present lifestyle. Or you may find that only by taking decisive action now will you be able to achieve a satisfying, secure way of life in retirement.

None of us can afford to leave our future well-being to chance. Even if your employer has a most generous pension plan, you should determine if your income from this and other sources will provide the income you most likely will need when you retire.

Here's an important point: Your future income needs will depend partly on how you desire to live, what is acceptable to you and what is realistically achievable.

Here are TWO METHODS for estimating your own (or family) retirement income target. IF YOU ARE MARRIED, YOU AND YOUR SPOUSE WILL NEED TO FIGURE YOUR EXPECTED INCOME NEEDS BOTH AS A COUPLE AND AS INDIVIDUAL SURVIVORS.

Method One: The Annual Expense Method

Using this method, a person or couple estimates what typical monthly and annual expenses will be in retirement. In making this estimate, look at what you are currently spending, estimate how this will change in retirement and estimate a "retirement budget."

The form on Page 6 is helpful when using this method. The form asks you to first estimate your current monthly and periodic expenses. Next, you are asked to estimate what your monthly and periodic expenses will be when you retire. If you are expecting to retire with a spouse, a relative, friend, etc., be sure to include his or her expenses as well as your own.

Method Two: The Three-fourths Rule

Some experts suggest that monthly retirement income needs to be about three-fourths of pre-retirement income in order to satisfactorily meet expenses. This means that if your income in the year before you retire is \$20,000, you should consider planning a retirement income that adds up to \$15,000 a year.

Judgment must be exercised in using this method. Individuals with relatively low incomes may need more than three-fourths of their pre-retirement income to meet retirement expenses. Similarly, a couple with a high pre-retirement income might need less than three-fourths of that amount as their retirement income.

As with the first method, if you are expecting to retire with a spouse, relative, friend, etc., be sure to include his or her income if it will be used to meet your household expenses.

A SURVIVING SPOUSE will probably require a retirement income that is three-fourths of what the couple together required. For example, if the couple required \$1,600 per month as retirement income, a surviving spouse might require \$1,200 per month. Since the actual amount needed will vary with specific people and circumstances, consider your own case carefully when planning for your future.

SOCIAL SECURITY — COUNT ON IT

The Social Security Trust Funds currently count reserves of more than a trillion dollars and will have no problem meeting projected benefit outlays for over 30 years. Beyond the year 2041 — when seniors will account for about 20% of the population — current payroll taxes will still be sufficient to pay at least 78% of benefits. But a shortfall is predicted.

Congress will need to address this problem in the near future and make corrections. But remember, for over 60 years Social Security has never failed to meet its monthly benefit obligations. It's a system Americans can count on, and reports of its impending demise have been greatly exaggerated.

But Social Security is designed to replace only a portion of a person's earnings prior to retirement: approximately 40% for average-wage workers. Clearly, it's desirable to supplement Social Security benefits with a pension and savings.

Applying for Social Security Benefits

Normal retirement age under Social Security has always been 65. That age, however, is rising gradually to 67 between now and 2027 (see table). Early retirement benefits can begin at age 62, but retirees must accept a permanent benefit reduction.

To receive benefits, you must apply for them. Contact your local Social Security office when:

- you are planning to retire and are 62 or over
- someone in your family dies
- you are unable to work because of injury or illness that's expected to last a year or longer
- you, your spouse or a dependent child suffers permanent kidney failure

AGE TO RECEIVE FULL SOCIAL SECURITY BENEFITS

Year of Birth	Full Retirement Age*
1937 or earlier	65
1938	65 and 2 months
1939	65 and 4 months
1940	65 and 6 months
1941	65 and 8 months
1942	65 and 10 months
1943-1954	66
1955	66 and 2 months
1956	66 and 4 months
1957	66 and 6 months
1958	66 and 8 months
1959	66 and 10 months
1960 and later	67

**If you take monthly benefits before full retirement age, benefits will be reduced.*

About Your Benefits

For information about your Social Security or Medicare benefits, or to request publications, call the Social Security Administration's (SSA) toll-free number (1-800-772-1213), visit the website (www.ssa.gov) or visit your local Social Security office.

The Social Security Administration has begun sending annual statements to workers age 25 and over who are not currently receiving benefits. These four-page statements include the worker's Social Security-covered earning history and estimates of future benefits. If there appears to be an error in your earnings record — this seldom occurs — notify SSA immediately.

CAUTION Under the legal statute of limitations, Social Security cannot be required to correct mistakes older than three years. After that period, it will be very difficult to correct mistakes in your record. Therefore, it's a good idea to check your earnings statement at least every three years.

Worksheet 1. ANNUAL EXPENSE METHOD

	<i>Current Monthly Expenses</i>	<i>Estimated Monthly Retirement Expenses*</i>		<i>Current Expenses (Average per month)</i>	<i>Estimated Retirement Expenses (Average per month)</i>
REGULAR EXPENSES			PERIODIC EXPENSES		
Mortgage or rent	_____	_____	Real estate taxes	_____	_____
Utilities, telephone	_____	_____	Household maintenance	_____	_____
Groceries	_____	_____	New household purchases	_____	_____
Work expenses (commuting, lunches, etc.)	_____	_____	Casualty insurance (auto, home)	_____	_____
Entertainment, eating out	_____	_____	Life insurance	_____	_____
Recreation (e.g., golf)	_____	_____	Disability, medical insurance	_____	_____
Clothes	_____	_____	Vacations	_____	_____
Laundry, cleaning	_____	_____	Gifts (birthdays, anniversaries, Christmas)	_____	_____
Personal (barber, beauty salon)	_____	_____	Income taxes (local, state, federal)	_____	_____
Auto operation, transportation	_____	_____	Legal services	_____	_____
Education (adult courses)	_____	_____	Medical, dental, veterinarian	_____	_____
Education of children (e.g., college expenses)	_____	_____			
Donations	_____	_____	SAVINGS AND INVESTMENTS		
Support of others (e.g., alimony)	_____	_____	Life insurance	_____	_____
Loans (auto, other)	_____	_____	Real estate	_____	_____
Regular services (e.g., lawn service)	_____	_____	Securities	_____	_____
Miscellaneous expenses	_____	_____	Miscellaneous	_____	_____
			TOTAL PERIODIC EXPENSES	_____	_____
TOTAL REGULAR EXPENSES	_____	_____	TOTAL MONTHLY EXPENSES	_____	_____
			TOTAL ANNUAL EXPENSES	_____	_____

ESTIMATED ANNUAL INCOME NEEDED AS A COUPLE \$ _____

ESTIMATED ANNUAL INCOME NEEDED (SURVIVOR #1) \$ _____

ESTIMATED ANNUAL INCOME NEEDED (SURVIVOR #2) \$ _____

**Assume prices will be the same as they are today. Adjustments for inflation can be made later.*

Worksheet 2. Currently Expected Retirement Income

"Currently expected retirement income" refers to the income you can expect to receive from Social Security, pension plans and any other arrangement you have made for **regular** retirement income.

From your list of financial assets, determine the sources and amounts of your currently expected retirement income. Generally, this information will include pensions, Social Security — if you are eligible — and insurance annuities.

Now list your currently expected monthly retirement income.

Couples, or any two people retiring together, need to compute what each would receive if he or she were the survivor. For example, the survivor #1 column below could list what the husband would receive if his wife dies, and the survivor #2 column could list what the wife would receive if her husband dies.

TYPE OR SOURCE	ESTIMATED MONTHLY AMOUNT		
	INDIVIDUAL OR COUPLE	SURVIVOR #1	SURVIVOR #2

The actual amount of your retirement check will vary according to your average earnings, the number of years you worked under the system and the age at which you begin collecting benefits. Also, **don't forget that Social Security benefits are fully indexed for inflation. The annual cost-of-living adjustment (COLA) guarantees that your last Social Security check will have exactly the same buying power as your first — a rare and valuable benefit.**

MONTHLY BENEFIT AMOUNTS AT FULL SOCIAL SECURITY RETIREMENT AGE (2009)

(1) Average Retired Worker.....	\$1,153
(2) Average Retired Couple.....	\$1,876
(3) Maximum Retiree Benefit.....	\$2,323

Work After Retirement

If you continue working in covered employment after you begin receiving benefit checks, you may be subject to an Earnings

Limitation for Employees. A law passed in 2000 ended the Social Security earnings limitation for persons once they reach full retirement age. For persons under that age and receiving benefits, the limitation in 2009 is \$14,160. Under current law, this limitation is scheduled to rise in future years.

Those under 65 who exceed the earnings limitation in any year are subject to \$1 reduction in benefits for each \$2 of earnings over the limitation.

Taxation of Social Security Benefits

For retirees with higher incomes, a portion of Social Security benefits is included as taxable income. This applies if a person's adjusted gross income, plus nontaxable interest and half of Social Security benefits, is more than a base amount: \$25,000 for an individual or \$32,000 for a couple.

The portion of the benefit subject to income tax will be whichever is less: 50% of benefits for the year or half the excess of the person's income over the base amount. If income as described above is more than \$34,000 for an individual or \$44,000 for a couple, 85% of benefits may be taxable.

People who receive Social Security benefits should keep a record of those benefits to make figuring out taxes easier.

Social Security's Government Pension Offset and Windfall Elimination Provision

In certain states and localities, public employees are not covered by Social Security. Some of these workers, however, may be eligible for a Social Security spouse or widow's benefit based on the covered employment of a husband or wife. Others may be eligible for Social Security based on pre- or post-government employment.

If you fall into any of these categories, be aware that you may be subject to Social Security/pension offsets that could significantly reduce your expected Social Security benefit. You will want to contact SSA to determine how the GPO (spouse offset) and/or WEP (employment offset) will affect you.

RETIREMENT PENSION OPTIONS

Nearly all AFSCME members can expect to receive an employer-sponsored pension if they participate in their plan for a minimum number of years. This minimum — called the vesting period — varies from plan to plan. It generally ranges from three to 10 years.

Most public-sector pension plans provide for benefits to be paid in monthly installments over the course of retirement, along with a death benefit that's equal to the amount of a worker's contributions to the plan (if any), less the total of monthly pension benefits paid out before death.

In order to ensure that monthly payments will be paid to a spouse or other beneficiary after death, a worker must select an optional form of payment *before* retiring. If you select such an option, your benefit payments will be reduced during your retirement so that funds will be available to pay your survivor when you die.

It is vitally important to know how soon prior to your retirement you should notify the plan of your intention to choose an option. That's because most plans have something called an "option election period" or waiting period on options. This period may vary from six months to three years prior to the expected retirement date. If you fail to make a timely selection of an option, you may either be denied the right to choose an option or you may be required to produce evidence of good health before selection is permitted.

If you pick an option in a timely fashion, most plans will permit you to cancel the option just before retirement, if necessary. In this case, you may want to consider electing an option as soon as possible, regardless of your present age, in order to protect your spouse or other family members. Check with your employer to learn the rules of your specific plan.

Spousal protection is only one type of option that may be available. The most common optional forms of payment are described below:

1. **Life annuity with no death benefit.** Some pension plans that require employee contributions allow employees to increase their monthly retirement benefits by forfeiting the death benefit. When all payments cease at death, the plan is called a "life annuity." Life annuities are also the standard form of pension payment when employers pay the full cost of a pension plan with no employee contributions.
2. **Years certain and life — 5, 10 or 15 years.** This pension option guarantees that payments will be made to you as long as you live. If you should die prior to receiving payments for a prescribed number of years, the remainder of the guaranteed payments will be made to your beneficiary. For example, if you select a 10-year option, you will receive a *minimum* of 120 monthly payments. Even if you outlive the 10-year period, the plan is required to pay you benefits until your death, but your beneficiary will receive nothing. On the other hand, if you should die after having received only 100 pension payments, the remaining 20 monthly payments will be made to your beneficiary.
3. **Contingent annuitant/survivor.** This option, also referred to as "joint and survivor," provides for a continuation of your pension to a spouse or other beneficiary in the event you pre-decease that individual. Under this arrangement, you would receive reduced retirement payments, but your beneficiary would be guaranteed monthly payments upon your death — amounting to 50%, 66-2/3%, 100% or some other agreed upon percentage of your benefits. These payments would continue for the remainder of your beneficiary's life. If he or she dies prior to you, however, then all payments cease at your death.

Some plans offer a modification of this option if your beneficiary pre-deceases you. In this event, your previously reduced benefits would be restored to full-formula payments.

When you request an estimate of your pension benefit, be sure to furnish the plan with information on your spouse or other beneficiary, and get estimates of what your benefits will be, based on the various options offered by the plan. Remember that you must select an option before payments begin. After your pension benefits start, an option can be neither elected nor changed.

Estimating Your Pension Income

If your pension is a percentage (X%) of your final average earnings (FAE), you can estimate what your pension will be at your normal retirement date as a percent of your gross pay.

Many public employee retirement systems use the following formula to calculate pensions:

$$X\% \times \text{FAE} \times \text{years of credited service} = \text{annual pension}$$

Again, check with your employer to find out how benefits are calculated under your pension plan.

SOURCES OF SUPPLEMENTAL INCOME

You'll need to determine whether your currently expected monthly retirement *income* will cover your expected retirement *expenses*. If you find that you probably won't be able to meet your expenses, you may want to consider alternative ways of supplementing your expected income.

For example, you may find that Social Security income plus pension income will provide you with \$1,600 monthly, but you have estimated that you will need \$1,900 monthly. You will need to supplement Social Security and pension income by \$300 monthly, or \$3,600 yearly. If you will need this supplement for 20 years, it will come to a hefty total of \$72,000.

Of course, any supplement you need might come from a variety of sources, including your savings, your investments, part-time work and so on. You may have non-cash assets you could convert to cash if necessary. For example, a life insurance policy with a monetary value could be converted to a monthly retirement annuity.

Each person's situation is unique. You currently may have very few sources of additional income. If you need to create more assets and develop supplemental retirement income, here are some alternatives to consider.

- 1. Increased savings:** Perhaps it would be possible to increase your savings each month, in order to enlarge your retirement nest egg. Many employers offer workplace savings plans, such as 457 or 403(b) plans, that allow your nest egg to grow tax-deferred. This means you won't have to pay taxes on your investment and interest until after you retire. These plans generally offer a variety of savings and investment vehicles, depending on your tolerance for risk.
- 2. Employment of spouse:** In some cases, one spouse — usually the wife — does not now have a paid job or is not working on a full-time basis. Consideration could be given to finding paid employment or switching from part-time work.
- The additional earnings could be used to increase the nest egg available for retirement.
- 3. Work after retirement:** Many individuals supplement their retirement income through work. It may be part-time as an employee, a hobby that has been turned into a small but enjoyable business or any one of numerous other possibilities. Be sure to plan ahead, however. Employment opportunities should be thoroughly explored well before you retire.
- 4. Better financial management and investing:** Perhaps you are too conservative in your current savings habits. There are many relatively safe investments that a person with an average income can make in order to obtain higher returns.
- 5. Borrowing on your life insurance policy:** Many people have life insurance policies with a savings feature as well as a death benefit. Generally called "ordinary life" or "whole life" insurance, this type of policy often allows the holder to borrow some of the value of the policy at low interest rates. This money can then be re-invested or used for cash emergencies. The other standard form of life insurance, called "term insurance" has no savings feature and cannot be borrowed against. It provides a death benefit, however, that can be important if others depend on your income.
- 6. Using the equity in your home:** Often people are able to borrow against their home, or use what is termed a "Reverse Annuity Mortgage." In other instances, retirees sell a home that may be larger than they need for retirement and use the proceeds to purchase a smaller home and provide some needed cash. Factors to consider when it comes to using the equity in your home are included in **Section V** of this handbook.

INFLATION: A MAJOR PROBLEM

One of the biggest problems in planning retirement finances is price inflation — the continuous increases in the cost of living over the years. Many wonder how financial planning is possible when future costs and income levels seem so unpredictable. Even relatively low rates of inflation can cause prices to more than double in the 15 to 20 years most of us can expect to be retired.

For example, if the annual inflation rate is 4%, the purchasing power of your income is reduced by 50% in 16 years. In 30 years, the purchasing power of that income is reduced by 75%.

No one, of course, can forecast future prices and income levels. However, it is possible to take steps to avoid some of the financial difficulties inflation can cause.

Purchasing Power and Retirement Planning

Preserving or building purchasing power for retirement means that *savings and investments should produce an after-tax annual return or growth that equals or exceeds the annual rate of inflation.*

If the current rate of inflation is 4% annually, then the money you are saving or have invested is:

- Losing purchasing power if it yields a return of less than 4% a year after taxes.
- Maintaining purchasing power if it yields a return of exactly 4% a year after taxes.
- Gaining purchasing power if it yields a return of more than 4% a year after taxes.

Of course, it's not always easy to stay ahead of the current inflation rate. An investment that is producing a return that exceeds the rate of inflation today may have a lower rate six months from now. This is why experts recommend that savings and investment programs be periodically reviewed.

How Inflation Affects Retirement Income

Financial planning, as we've already stressed, should result in maintaining or improving the purchasing power of your money. Being able to retire with the assurance of adequate purchasing power for the next 10, 20 or 30 years is important. Here are some typical sources of retirement income and a description of how they are affected by inflation:

SOCIAL SECURITY: By law, Social Security benefits are tied to increases in the Consumer Price Index (CPI). If a person's Social Security benefit is \$950 a month at the time of retirement, that amount will be adjusted each year with *full* cost-of-living adjustments (COLAs). In other words, the purchasing power of the benefit remains exactly the same from the very first check to the very last.

PENSION PLANS: The majority of pension plans provide a fixed payment — that is, the same amount of money each month for the life of the retiree. But some employers agree to increase pension amounts as the cost of living rises — either through periodic adjustments (requiring legislative action each time) or automatic annual cost-of-living adjustments. Even the latter, however, are almost never *full* COLAs. They are generally capped at a certain percentage (commonly 3%), regardless of how high inflation may rise in a year.

ANNUITIES: A "fixed" annuity guarantees a fixed income for a specified period, such as 10 years or life. A person may purchase an annuity that pays \$300 a month for life beginning at age 62. If the person lives until age 92, the \$300 would be paid monthly for the entire period. There would be no adjustment for

changes in the cost of living over the 30 years. There are also "variable" annuities that change the amount of income with fluctuations in living costs. These are usually much more costly.

SAVINGS AND OTHER INVESTMENTS: Savings accounts and some forms of investment tend to pay a fixed-percentage rate of interest. Keep in mind that if the annual rate of return (the *yield*) is less than the inflation rate, the purchasing power of these savings and investments will be eroded over time. Stocks and commodities often deliver the highest rates of return in the long term. As a result, these types of investments may turn out to be a good hedge against inflation. But they also carry higher risks, which must be recognized by any potential investor and weighed against potential returns.

WHAT'S AN 'INVESTMENT'?

Investment. Here's a good, basic definition of the word: *An investment is an outlay of money to produce income or profit.* It's simple language, but it fails to clear up much of the confusion about the where, when and why of investing. You owe it to yourself to find out what investment options are available — so you can make educated choices about what will be best for you.

All of us are investors of one sort or another. Some invest through savings bonds, an account at the local bank or credit union, or equity gained by buying a home. Others put money into stocks, bonds, precious metals or similar investments.

Though we are all investors, many of us are not getting as much as we can out of our investments. Perhaps we are not sure about certain types of investments: Are they really safe? Can we believe the promises being made? These are realistic concerns that sometimes cause us to stay away from good savings and investment opportunities.

The key to bettering yourself financially is to gain some understanding of the alternatives available to you. By first reading up on basic terminology and investing concepts, you'll be in a better position to understand and evaluate advice you get from experts.

Financial experts may include someone at your local bank, a benefit specialist with your employer or union, insurance agent, stock broker, savings and loan officer, credit union manager and so on. While they can be excellent sources of information, their recommendations or information should never automatically become your decisions. Keep asking questions and getting information until you feel you understand the facts. Then you will feel confident to make educated choices.

Financial Planners

When considering the services of a professional financial planner, keep in mind that there are different types. Some financial planners charge a flat fee for their services. Others

collect a commission on the products they sell (and may be tempted to push investment products that pay higher commissions). Some do both.

Financial advisors often specialize. Be aware that these specialists tend to be biased toward, and advocates of, their specialties. The stock expert is likely to recommend investment in stocks; the insurance expert will probably suggest strengthening your insurance program (with whole life policies and annuities).

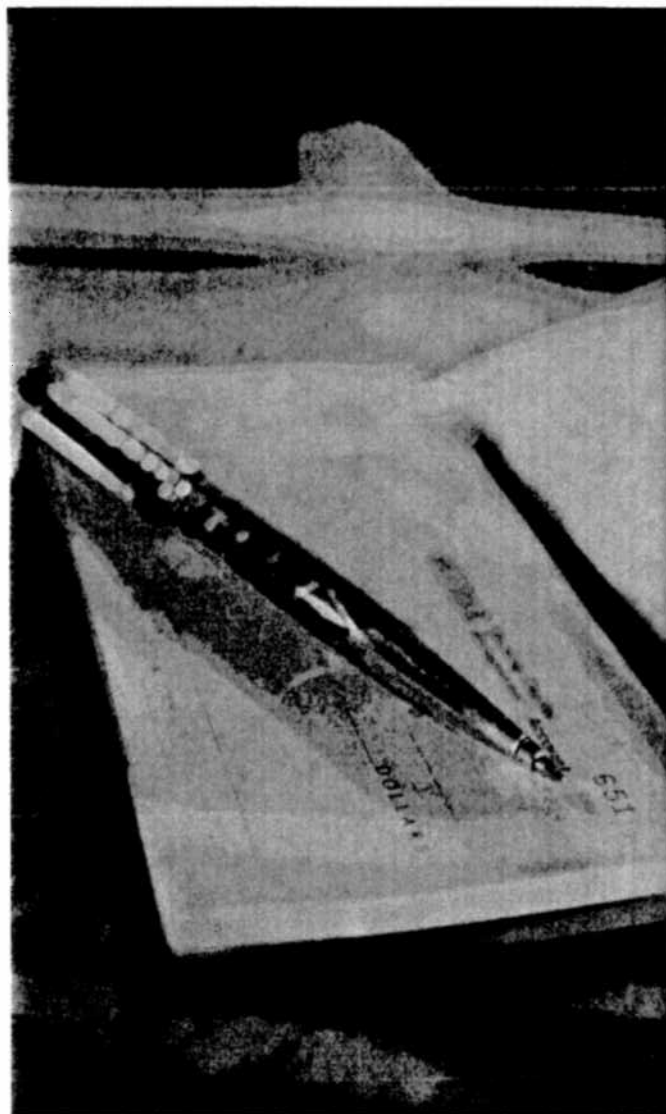
When the experts work for stock brokerage firms or insurance agencies, they will probably try to sell the investment products marketed by their companies.

Independent planners that charge a flat-fee for their services are not connected to a specific brokerage firm or insurance agency, so they are not trying to sell the products of any one company. For a list of such planners in your area, contact the National Association of Personal Financial Advisors at 1-888-333-6659. For a list of independent planners that include those who receive commissions, call the Financial Planning Association at 1-800-322-4237 or check its website (www.fpanet.org)

Ultimately, each investor must make his or her own final decisions, balancing the often-conflicting advice of some of the experts. There are many investment options to choose from and you should feel comfortable with the decisions you make.

Questions a Financial Planner Should Ask

- *How much do you earn, own and owe?* A planner should start by asking about your income, assets and debts.
- *What is your monthly budget?* The planner should ask for a list of expenses such as housing costs, utilities and food to determine how much money you may have left over for your savings and investments.
- *Do you invest money now, and where is it invested?* A good planner will want to know about any investments you have, however small, including the amount you may have in an IRA, 401(k), 457 or 403(b) plan, and the particular investments you've chosen for these accounts.
- *What are your future prospects?* Is your job secure? What promotions or raises are likely?
- *What are your future expenses?* Are you planning to buy a vacation home or put a child through college?
- *What is your level of risk tolerance?* Are you willing to gamble with your money or do you want to protect your principal?
- *Do you understand each investment we've discussed?* A good financial planner should be able to explain,



in simple terms, all of the investments that are recommended.

REMEMBER *The people who represent themselves as financial experts have the obligation to communicate the facts, pros and cons, in a way that is clear, accurate and understandable to the average person. Some have great communication skills; others do not. If necessary, shop around to find advisors you can easily talk to.*

Clarifying Your Objectives: Balancing Risk and Return

In general, a higher return goes hand in hand with a higher risk. You'll need to minimize your risk if you feel that you cannot afford to lose the money you are investing. If you wish to take almost no risk, be prepared to receive a lower return on your investment (such as you might earn with passbook savings or a certificate of deposit at a bank or savings and loan).

Whatever the amount of risk you are willing to take as a younger person, reducing risk as you get older and closer to retirement is usually a good idea. Keep in mind that the facts of your specific situation are most important in considering how much risk you can reasonably afford.

Income Versus Growth

You can look at an investment as a means of producing either current *income* or *growth* in your "capital" (the amount for which you can sell your investments). Usually, you need to give up one in order to get the other.

Growth-oriented investments, such as stocks, generally involve more risk than income-oriented investments. Some people invest their money in some of both to balance income and growth, and to control the amount of risk taking.

A good general strategy is to: (A) grow as much capital as you can before you retire, since the more capital you have, the more income it will produce in retirement; and (B) begin switching from capital growth investments to income-producing investments about five years before retirement, so you have time to pick and choose the best income producers at the most advantageous times.

Liquidity

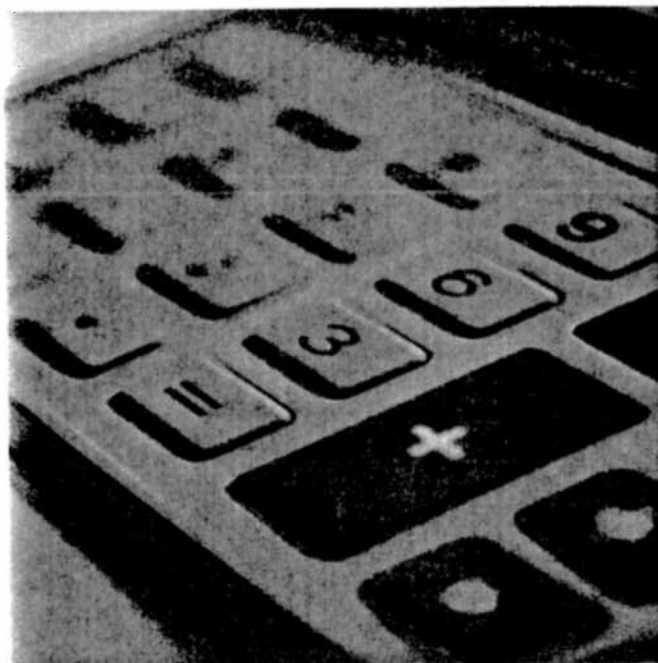
This is a term you need to know because financial specialists use it a lot. Liquidity refers to how fast you can convert an investment into cash if you want to do so. For example, a U.S. government bond is considered "very liquid" because you can redeem it for cash by simply taking it to a bank. On the other hand, an investment in real estate is usually not very liquid. It may take months to sell a piece of real estate before you can get your money.

Liquidity is good, since it allows you to convert an investment to cash whenever you want. However, if you wish to have high liquidity, you will generally have to settle for a lower return. For example, if you keep money in a passbook savings account, you can convert it to cash quickly. Your money will also be earning the lowest interest rate paid by that savings institution. A certificate of deposit can pay a much higher return, but it is less liquid than a passbook savings account because it must be invested for a fixed period of time.

Taxation

Did you know that the income from some investments is not subject to federal or state income tax? Did you know that some other investments are taxed at a reduced rate, or do not require tax payments until some future date?

Taxes take a big bite out of most people's income. When you make out your federal (or state) income tax return, the percentage used in calculating the amount of tax you owe is your "tax bracket." If a married couple is in the 25% federal income tax



bracket, for example, the couple will have to pay a 25% tax on any additional *taxable* income. Any additional non-taxable income, though, is free and clear.

Here is a comparison of the income to the investor from both a taxable and a tax-free investment, using the identical rate of interest.

	Taxable Investment	Tax-free Investment
Amount invested	\$6,000	\$6,000
Annual rate of return	8%	8%
Annual income from investment	\$ 480	\$ 480
Less federal taxes (25%)	- 120	- 0
Net return	\$ 360	\$ 480

You can see from this example that income taxes are an important factor in considering investment possibilities. Potential investors should be aware, however, that tax-free investments *generally carry a lower rate of interest* than those subject to taxation. Still, for someone in the 25% tax bracket, it would take a taxable interest rate of 8% a year to equal the return on a tax-free interest rate of only 6% a year. Since the return will vary with the investor's tax bracket, be sure to compare rates of return based on your own tax bracket before investing tax-free.

A "net" return — the after-tax return — should equal or exceed the rate of inflation; otherwise, you are losing ground financially.

Putting Your Objectives Together

We have identified the major categories of financial objectives that you need to think about. These are:

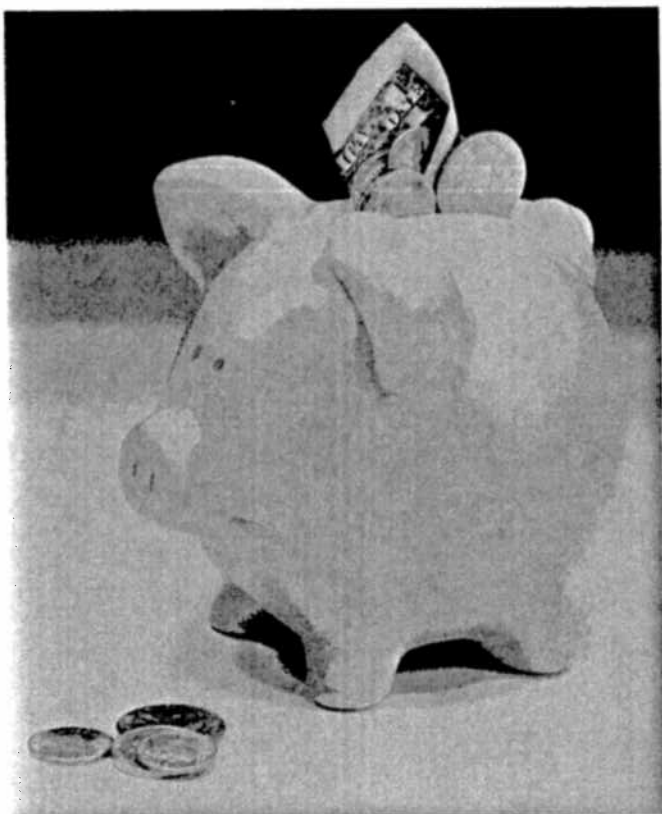
1. *Degree of risk or safety.*
2. *Growth of your fund versus income.*
3. *Amount of liquidity.*
4. *Tax advantages.*

Since no investment is perfect, you need to be able to answer the question "What are my specific objectives in each of these four categories?" Of course, each individual's case will be different.

Investment Vehicles

These are a few of the more common types of investments:

- A. Passbook Savings:** These regular savings accounts involve little risk if guaranteed by a government agency (such as the Federal Deposit Insurance Corporation (FDIC), which guarantees most bank accounts up to \$100,000). Earnings take the form of income, but interest rates tend to be relatively low. You can get your cash out quickly, but the interest earned is subject to same-year taxation. This is true even if the interest earnings are left in the account.
- B. Buying a Home or Other Property:** There are many tax advantages to real estate investment. Risk can vary, however, depending on the specific property and its location. While return can be high, economic conditions do affect the real estate market. Some homes may offer only a modest return. Liquidity varies, since it could take months to sell a property.
- C. Stocks:** When you buy stock in a company, you are buying part ownership. Income or growth in the value of your stock will depend on company profits. How much of your savings should go into the stock market? That depends on how much risk you are willing to take, since stocks can carry a relatively high degree of risk. Some experts offer this guide: The percentage of *long-term savings* that you can afford to keep in stocks equals 100 minus your age. For example, at age 30, you can afford to keep 70% of your savings in individual stocks or common-stock mutual funds. At age 48, however, only 52% should be in stocks. The theory is that, as you get closer to retirement age, the percentage of your money that is in riskier investments should be steadily reduced.
- D. Bonds:** When you buy a bond, you are lending money to the issuer of the bond. Companies issue bonds and so do governments. The issuer promises to pay you a fixed rate of return on your investment, such as 6% per year. Risk will vary. Essentially, a bond is an IOU, and it must be paid back to you on a specific date. There are many types of corporate bonds and government bonds, and many municipal government bonds are tax-free.
- E. Certificates of Deposit (CDs):** A CD is a special kind of savings account. If you agree to leave a certain amount of money in a savings account for a given period of time (such as \$5,000 for 18 months), the savings institution will guarantee you a specific rate of interest. These are called time deposits, and they generally offer higher interest rates than passbook savings accounts. The savings institution will issue you a certificate of deposit that describes your deposit arrangement. Investment rates vary by type of certificate and length of time you agree to leave your money in the account. Penalties are generally charged for early withdrawal. These accounts are usually government-insured up to \$100,000.
- F. IRAs:** Individual Retirement Accounts allow you to invest in a variety of options — mostly stock and bond mutual funds. Depending on the option you choose, safety and growth can vary widely. There are two basic types of IRA: *traditional* and *Roth*. In a traditional IRA, contributions to an account are *tax deductible*. The interest accrues *tax-deferred*, meaning taxes don't have to be paid until retirement, when tax brackets may be lower. In a Roth IRA, contributions are *not* tax deductible, but the income earned from the account is *free of all taxes* at time of withdrawal. Both types of IRAs limit the amount of annual contributions, set minimum ages for withdrawal and require payment of significant penalties if funds are removed early.
- G. Mutual Funds:** Mutual funds, which pool the resources of a large group of investors, are a way of buying stocks, bonds, real estate or other securities. Benefits to buying securities through a mutual fund include the services of a professional fund manager, who purchases a variety of stocks or bonds for the group. There's less risk than with individual stocks because the fund is diversifying your holdings. There are enough different types of mutual funds to match almost anyone's investment objectives.
- H. Riskier Investments — Precious Metals and Commodities:** Some people invest in precious metals, such as gold and silver. These investments can be very risky, because their value can fluctuate wildly. So be sure you understand the risks ahead of time. You also take a chance with commodities. These are generally agricultural products such as wheat, coffee or potatoes. A person signs a contract to buy a specific quantity, at a given price, at a set time in the future. He or she then tries to



sell the contract at a higher price, before the deadline for purchase. But remember the risk involved: Some traders have had to take delivery of carloads of goods, as they could not sell their contracts in time.

- I. **Payroll Savings:** Many employers have special payroll savings plans for employees, often known as 457, 403(b) or 401(k) plans. These are similar to traditional IRAs, but tend to have even better tax advantages. Payroll savings plans are an excellent way for working people to invest for retirement. Your employer's benefits administrator will be able to explain a plan's tax advantages and investment options.

The Rule of 72

The Rule of 72 is a simple way to find out about how long it will take to double your investment. Assume that the investment's earnings are paid annually and re-invested in the same account. Simply divide the number 72 by the investment's interest rate.

For example, if you put \$1,000 in an investment that pays 8% interest, divide 72 by 8 and you'll see that it takes about nine years to double that investment.

The Advantage of Starting Early

It pays to start saving early. If you contribute \$1,000 a year for just 10 years to a tax-deferred IRA or employee savings plan, starting at age 21, your nest egg will grow to \$137,858 by the time you

reach age 65. But if you wait until age 41, and then contribute \$1,000 a year until age 65, you will have only \$58,176 — even though you invested nearly two-and-a-half times as much money for almost two-and-a-half times as long. Both examples use an annual interest rate of 7%.

Addressing Legal Issues

LEGAL DOCUMENTS AND CONTRACTS

For most everyday legal matters, you don't need the services of a lawyer. You've probably signed insurance applications and taken out loans without legal expertise. There are certain situations, however, where it is too risky to act as your own lawyer; this section will discuss some of those circumstances.

Keep in mind that if your signature is required on a form, it is probably a legal document or contract of some sort. *Before signing any contract*, there are several rules that you always should follow:

- Read it in its entirety, including the fine print.
- Ask questions about anything that is vague, questionable or written in a complicated way.
- Do not sign anything with blank spaces that could be filled in later without your knowledge.

GETTING HELP FROM A LAWYER

Whenever you are signing a document involving a lot of money or a risk of significant liability (which could result in a lawsuit), or establishing a trust or making a will, you may want to consider using a lawyer.

A "do it yourself" will or trust is a difficult undertaking and probably shouldn't be left to chance. By employing a professional, you will gain security from knowing that everything will go according to plan after your death.

One of the first steps in finding an appropriate lawyer is to get suggestions from friends, relatives or your local bar association. When someone you know suggests the name of a good lawyer, you should ask for specifics, such as:

- How much of this type of work does the lawyer do?
- Was the lawyer easy to talk with? To get in touch with by phone, e-mail or letter?

- Were fees reasonable? Did the lawyer willingly discuss them? How were the fees arrived at?
- What, specifically, did the lawyer do? Were you satisfied completely by the quality and promptness of performance?

Before you decide to hire a particular lawyer, arrange to interview him or her. If you are considering a "legal clinic" (many of which are low cost or even free), visit the clinic and talk to one of its representatives before making a final decision. Talk about services, fees and schedules with the lawyers you interview. The relationship between you and the lawyer that you select should feel comfortable.

ESTATE PLANNING: YOUR WILL AND YOUR HEIRS

Do you have an estate? Most likely, you do!

A person's estate consists of everything he or she owns, minus what is owed. Your estate might include a home and furniture, a car, personal items such as jewelry, some savings, one or more insurance policies, and similar items of value. Many individuals are surprised to learn that they have estates that exceed \$100,000, \$200,000 or even more.

What is Estate Planning?

Estate planning is the process of deciding what you want to happen to your estate and taking the action necessary to ensure that these wishes are or will be implemented. The purpose of an estate plan is to make sure that what you own will be passed on to loved ones in the manner you wish without too much of the estate going to pay for death taxes and probate costs.

Since a person can begin to pass on an estate while he or she is still living, thus reducing the tax bite for heirs, estate planning is a lot more than preparing a will, which takes effect only after a person dies. Once you have a clear picture of what your estate is, you may want to ask your lawyer about possible ways to start distributing assets in your lifetime, using such vehicles as trusts and gifts.

Before an estate can be settled and its assets distributed following your death, it must first be reviewed by the probate court. This process often takes six months to a year, so estate planning should include such provisions as emergency cash, insurance that pays directly to survivors, joint bank accounts that carry survivors' names and other devices that will assure survivors of needed income before they can take possession of your estate.

What You Should Know About Wills

A valid will is basic to effective estate planning. You've probably heard a thousand times that "everyone needs a will." No one likes to think about making a will because it reminds us too much of the end, but it is really a great gift to survivors, since it can eliminate many problems they may be unprepared to handle or should not have to face.

A will is an official declaration of how a person wishes to have property, cash and personal items distributed at death. A will may also be used to name someone to serve as your estate's executor (the person who oversees the distribution) or as the guardian of any minor children.

Most things you own can be passed to another by a will, but there are a few exceptions:

- Property that a creditor can claim — usually on a "secured" loan.
- Joint interests with right of survivorship.
- Insurance and other accounts with named beneficiaries.

Dying Without a Will

If a person dies without a will, the probate court will appoint an administrator for the estate and, in the event there is no surviving spouse, appoint a guardian for any minor children. The assets of the estate will then be distributed as specified by state law, regardless of the situation of each dependent or relative. If a person leaves no heir or next of kin, his or her property will be forfeited to the state.

How To Make a Will

Each state has laws setting forth the formal requirements that must be met before a will becomes legally effective. Such laws generally require that:

- The will be in writing.
- The "testator" (maker of the will) is of sound mind and memory.
- The testator declares before witnesses that the will accurately reflects his or her wishes and is the product of a free mind.
- The testator signs the will in the presence of at least two or three witnesses.
- The will is signed by at least two witnesses in the presence of the testator. In many states, the use of a witness who is also a beneficiary should be avoided. In some states, witnesses must actually see the testator's signature going on to the page.

Cost of Preparation

Simple wills usually cost between \$100 and \$400. If the provisions are complicated, or if you are not totally prepared with all the information you need about what you want to pass on and to whom, the cost can be higher. The taxes and probate costs that may be saved and the knowledge that your assets will be distributed according to your desire may more than offset this expense.

Keeping It Safe

The will should be kept in a safe place where it can easily be found by the executor. Be aware that safe deposit boxes are sealed, in many states, upon the death of their owners, and can only be opened either after their contents are inventoried or by court order. For this reason, it is best to keep an original of the will in an attorney's safe and to give another original to the executor. Keep a third original at home for access by beneficiaries.

ADDITIONAL LEGAL CONSIDERATIONS

Power of Attorney: There could come a time when you are unable to act on your own behalf in a legal matter. In such a case, you may grant someone the "Power of Attorney" to act for you by signing a notarized document with the details of the legal matter and the time period for which the document is in effect.

Durable Power of Attorney for Health Care: This document expresses your wishes about future medical care and names an individual to carry out those wishes. State laws differ — you should check with a lawyer.

Updating a Will: Your circumstances may change after making a will. Be sure to update your will as necessary, in order to reflect your wishes.

Trusts: Trusts avoid probate and allow someone else to manage

your assets if you cannot. The trustee you name holds the assets and manages them according to a written trust agreement. Trusts have advantages in some cases, but they also cost money. You should check with a lawyer.

Estate Taxes: When one spouse dies and leaves an estate (money, property, etc.) to the surviving spouse, federal law applies what is called a "marital deduction" and exempts the spouse's inheritance from federal estate taxes. When all or part of an estate is passed on to other heirs (including children), however, a federal estate tax must be paid if the total amount of the estate is over \$3,500,000 (as of 2009).

If your estate is fairly large, you should discuss estate taxes with your lawyer.

RESOURCES

There are many resources available on financial planning and estate planning. Here are some books that you may find helpful:

- *The Ernst & Young's Personal Financial Planning Guide*, Ernst & Young, LLP; 2004. Chapters on investments, taxes, insurance and home-buying.
- *The Encyclopedia of Financial Planning*, Financial Planning Association (Lisa Holton, editor); FPA Press 2006. The organization of professional planners covers dozens of issues that deal with your finances.
- *Estate Planning Basics*, Denis Clifford; Nolo 2005. Easy to read information on tax, legal and other issues of estate planning. For people at all income levels.
- *AARP Crash Course in Estate Planning*, Michael T. Palermo; Sterling 2004. A guide to establishing a legacy through wills, trusts and other planning instruments. The basics are all here.

III.

Staying Healthy

Stay Healthy — You'll Live Longer

This section is about taking charge of your own health. It doesn't stress diseases and their cures, but rather *prevention* — what you can do to minimize your risk of getting sick.

Most diseases associated with old age are the result of many years of poor health habits. Healthy habits can help us avoid or reduce the severity of numerous physical and mental diseases, ranging from cancer and heart disease to psychological depression. And it's never too late to start "being healthy."

Many of us know older people who seem young, and younger people who seem old. While there are many reasons for this, how you take care of yourself physically and emotionally can substantially increase or decrease your "health age."

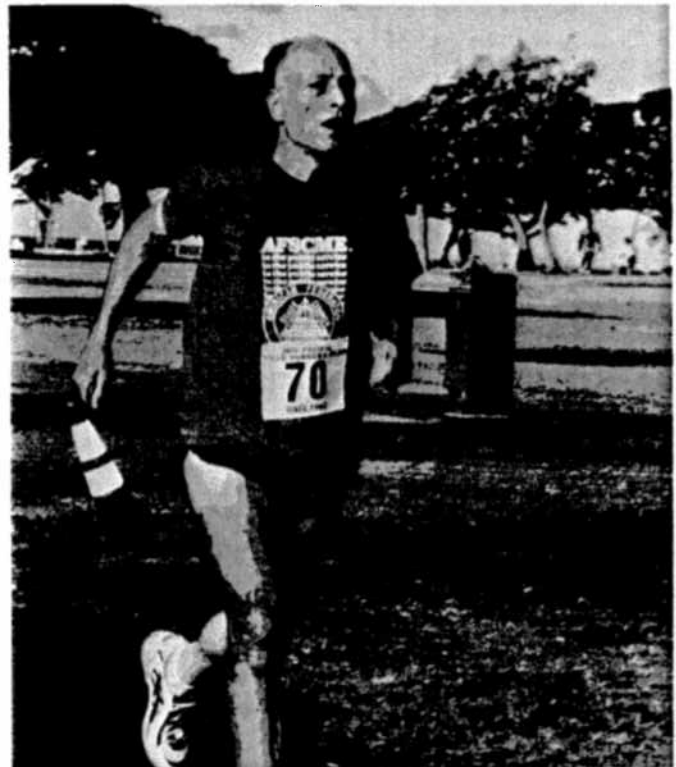
If you haven't been taking care of yourself, you can still change some of your habits and get back some of those lost years. Yes, in a sense, you can "grow younger" — not in chronological years, of course, but in your health age.

AGING AND HEALTH

Aging is not a disease. If it were, all old people would be sick and that is certainly not the case. People age at different rates, though they may be the same chronological age.

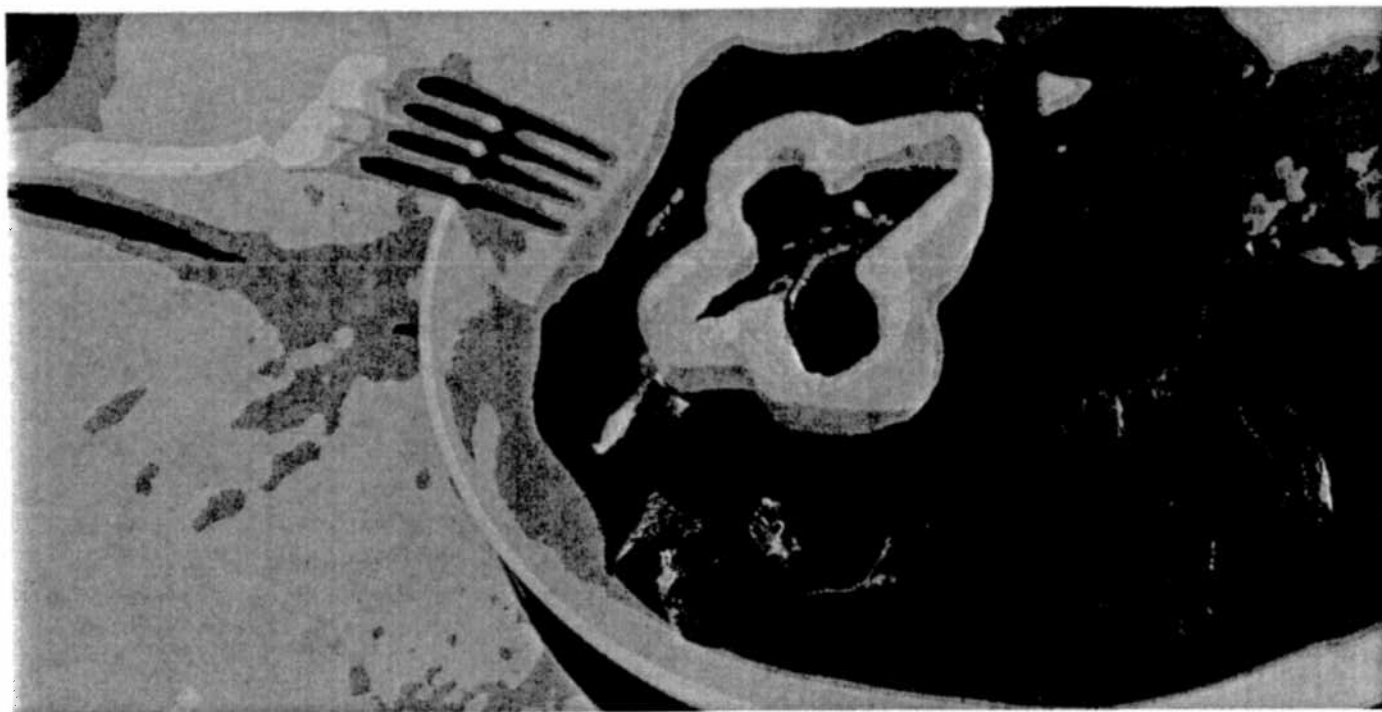
Here are some facts:

- The effects of aging and disease are often confused. People die of disease not of old age. Some experts believe that, if it were not for disease, we would probably live to be about 120.
- Mental sharpness does not necessarily decline with age.



- There is a long-term, ever-so-gradual decline in sex drive. However, many people can and do continue sexual relations into their 80s and beyond.
- Most older persons are satisfied with their lives and have no health-imposed limitations on their physical activity. About 6 out of 10 who are over age 65 enjoy a full range of physical functions.

Knowing about the aging process, about normal body changes, and about how to control conditions that might arise can help all of us take the steps necessary to maintain health in retirement.



NORMAL BODY CHANGES

As we age, certain changes usually take place — very gradually — in our body, and at different rates for different people.

- **Body weight** (other than fat) usually decreases by about 10% over the years.
- **Metabolism** generally slows, so that we need about 20% fewer calories.
- **Muscle tone** will decrease unless we exercise regularly.
- **Bones** generally lose calcium content, which can cause brittle bone disease — osteoporosis. This may be offset at least in part by regular exercise, increased calcium intake and prescription drugs.
- **Ligaments** of joints tend to get shorter and harder. However, this may be lessened or prevented through regular physical activity.

- **Hearing** may decrease in later years, but this can often be offset with proper hearing aids. A hearing examination should be a regular part of health checkups.
- **Taste and smell** become less acute in some older people. When detected, a decline in taste and smell can be partially compensated for through awareness and enhancement of foods with spices, herbs and flavorings.
- **Touch** is the one sensory factor that does not change with age.

SENSORY CHANGES

Many persons over age 70 begin to notice a gradual decline in sensory perception. Vision, hearing, taste and smell are all affected to one degree or another. Many people see these changes as “normal for old age” and do not seek the medical treatment that could greatly improve their lives.

- **Vision** may change in our 40s and 50s, necessitating bifocals. Regular checkups can detect these changes, as well as signs of cataracts and eye disease as we age.

HEALTH TIPS

If you have gotten the impression that we can maintain good health as we age, you are correct. The problems that most of us associate with aging are generally problems of health. The secret to staying young, then, is to stay healthy.

There is no fountain of youth, but there is a lot you can do to stay young for your age. Most of us know pretty much what to do to stay healthy, but somehow we don't get around to doing it. It's the motivation that we lack.

So, consider some tips for improving your health:

1. **Regular meals and proper nutrition**
2. **Weight in proportion to height and build**
3. **Sufficient physical activity**
4. **No smoking**
5. **Moderate or no alcohol usage**

WE ARE WHAT WE EAT

Poor eating habits are linked to many diseases, and are a major cause of obesity. Eating healthy foods on a regular schedule is very important for mature adults. Several small meals a day rather than three large meals is an eating option that some older adults prefer.

A good diet does not have to be expensive. Vegetables, fruits, cereals and breads can make up the major part. You can save money by relying less on meat as a source of protein and more on other protein sources — such as poultry, fish, milk proteins (such as cheese), beans, peas and lentils. Snack foods (potato chips, etc.), sweets and desserts are expensive and typically have little or no nutritional value.

A good balanced diet each day consists of:

- 2 to 3 servings of protein such as lean meat or poultry, fish, beans, eggs or nuts
- 2 to 3 servings of dairy products such as (low-fat) milk, cheese or yogurt
- 3 to 5 servings of vegetables
- 2 to 4 servings of fruit
- 6 to 11 servings of bread, cereals, rice or pasta

Remember, you will be healthier if you eat:

- only sufficient calories to meet body needs and maintain desirable weight
- less saturated fat and cholesterol
- less salt and sugar
- more complex carbohydrates, such as whole grains, fruits, vegetables
- less red meat
- more fiber, as found in fresh fruits and vegetables and whole grains

WEIGHTY MATTERS

Maintaining proper weight can improve appearance and add years to your life. Also, it will improve the quality of your life because you will be less likely to develop heart disease, diabetes and other illnesses that can rob you of energy and mobility.

The typical American is overweight, mostly because of too little exercise and too many calories from fattening meats, excessive starches, alcohol and sweets. Remember, mature adults need about 20% fewer calories than they did at 35. If you've been trying to lose weight without much success, keep in mind that slow change is lasting change. Make it your goal

to develop new habits and drop old ones — and be patient with yourself. Fad diets and quick weight loss are hard on the body and don't really change your basic eating patterns.

RESOURCES

- Superintendent of Documents
U.S. Government Printing Office
Washington, D.C. 20402
(www.gpo.gov)
Making Healthy Food Choices
Suggestions for seniors on how to improve diet and health by following official dietary guidelines; includes several health-conscious recipes. Order # S/N 001-000-04662-4 (\$4)
- American Heart Association
1-800-AHA-USA-1 (1-800-242-8721)
(www.americanheart.org)
Love Your Heart
Over 100 pages of recipes based on fat-controlled, low-cholesterol ingredients; recommended as an aid to reduce one's risk of heart attack. (\$3.99)
- National Institutes of Health (NIH)
NIH offers a wide variety of consumer information on healthy living. To start, visit the website for the National Heart, Lung and Blood Institute (www.nhlbi.nih.gov) and click on one of the topics under "Patients and the Public."

EXERCISE

Exercise plays an important part in slowing down the aging process and improving health. Lack of exercise can lead to reduced muscle strength (including the heart muscles) and can contribute to bone loss.

Older adults who exercise regularly (about 30-45 minutes of moderate exercise, 4 to 5 times a week) feel better, have more energy and can reduce the risk of developing certain diseases. Exercise also helps relieve stress, contributes to relaxation and improves sleeping patterns.

There are basically three kinds of exercise. Aerobic exercise can keep hearts and lungs in good working shape. Walking, swimming, bicycling, vigorous sports and dance workouts are all aerobic exercises. Exercises that strengthen and stretch muscles are also beneficial. Strengthening exercises consist of repeated contractions, such as leg lifts and sit-ups. Yoga is an excellent example of an enjoyable stretching exercise. Try to alternate vigorous aerobic exercise with strengthening and stretching exercise.

Exercise Tips:

- See your doctor before starting an exercise program if you have not been physically active or have health concerns.
- Find a form of aerobic exercise you enjoy.
- Do strengthening and stretching routines that are comfortable for you.
- Start any exercise program **SLOWLY**. You're in this for the long run, so build up little by little.
- If you miss a week or two of exercise, don't be discouraged, but start again slowly.
- Don't exercise when you are ill or feel faint and dizzy. (Make sure your doctor knows about all symptoms you experience.)
- Drink fluids before and after exercising, but remember to exercise at least one hour before or after eating a meal.

OTHER PREVENTIVE MEASURES

Stop Smoking

Smoking is a dangerous habit. Smoking residues enter the blood and tissues from the lungs and can not only cause lung problems but also play a role in heart problems, diabetes, osteoporosis and high blood pressure. Smoking also depletes the body of nutrients and accelerates the aging process of the skin and tissues. If you smoke, try to find a program or support group to help you stop. Why take deadly risks?

Avoid Alcohol and Drug Abuse

For good health, use alcohol moderately, if at all. Recognize that some people simply cannot drink, because of a tendency to addiction. Unfortunately, some older adults turn to alcohol to help them cope with change, loneliness or loss. But drinking only hurts, not helps. If you, a family member or a friend seems to be drinking too much, find a local program such as Alcoholics Anonymous and stop the destructive cycle.

Another way some older adults, especially women, cope with change and grief is to depend on drugs prescribed by doctors for relief of anxiety and stress. Be careful about taking tranquilizers. Try to relieve your stress in more healthy ways, and try to find help to solve or cope with the problems in your life. Community mental health programs can help you depend less on pills and more on positive human resources.

Control Stress

Both pleasant and unpleasant situations can be stressful — for

example, getting married, changing your job or retiring from work produces stress. But prolonged stress can be a serious troublemaker. It may lead to chronic high blood pressure, ulcers and many other illnesses.

What can be done to handle stress in a positive way? Here are some suggestions:

- Understand the source of the stress.
- Decide on a constructive action and take it.
- Be realistic about how much you can accomplish in a given period of time.
- If it is obvious that a situation cannot be changed, learn to accept it.
- When tension builds, exercise is a great tranquilizer.
- Strike a good balance between work and recreation.
- Help someone else who has a problem. Often this can get your mind off your own troubles.

GUIDELINES FOR VISITING YOUR DOCTOR

Good communication between you and your doctor is very important for maintaining good health or treating any existing health problems.

Before Your Next Doctor Visit:

- If you are not satisfied with your present doctor, get recommendations from friends, from local consumer groups and from the local medical society.
- If you are on Medicare, find out if your doctor takes "assignment," that is, Medicare-approved rates.
- Make sure you know your own and your family's medical history before you see the doctor.
- Keep a health log. Note when a problem starts and exactly how you are affected.

At the Doctor's Office:

- Accurately describe your symptoms to the doctor.
- Inform the doctor about any and all medications (prescription and over-the-counter) you are taking or have used recently.
- Ask the doctor to explain in simple terms your condition and its treatment.
- Ask the doctor to explain any tests he or she recommends and the reasons for them.



- Find out the names of the drugs you have to take and ask about side effects; also: Are there alternative treatments?

After Your Visit:

- Keep copies of all bills and papers for your records and for health insurance.
- Learn more about your problem, and any drugs used for treatment.
- Get a second opinion if you have a health problem that may require a course of treatment. This could prevent unneeded tests or surgery.
- Make sure clear instructions are on the medicine label.
- Tell your doctor about any side effects and/or body changes from the medication he or she prescribes.

MEDICARE

Nearly all retirees are eligible for the federal government's Medicare health coverage at age 65. To enroll, contact your local Social Security office three or four months before your 65th birthday. You are entitled to Medicare coverage even if you continue to work after 65.

Medicare *Part A Hospital Insurance* is yours if you are automatically eligible for Medicare (through your own employment or the employment of a spouse). There is no additional cost. If you are not eligible, you can enroll by paying a premium each month.

Part A covers such expenses as hospital care; post-hospital care — in either a skilled nursing home or in your own home,

with services provided by skilled health professionals; hospice care; and care in a psychiatric hospital.

Part B Medical Insurance is optional, but it's such a good buy that 98% of retirees participate (the cost is subsidized by the government). It requires payment of a monthly premium: \$96.40 in 2009. If you do not want Part B, you must tell the Social Security office when you apply for Medicare. Otherwise, you will automatically be enrolled in Part B. Premiums will automatically be deducted from your Social Security check each month.

Part B covers such expenses as doctors' fees, outpatient hospital care, outpatient physical and speech therapy, approved part-time skilled home-health care, and certain lab, ambulance and supply costs. The chart on the next page will give you a detailed listing of exactly what costs Medicare covers for both Parts A and B. In most cases you will have to pay an initial amount, the deductible, before Medicare picks up allowed costs. Also notice that in many cases you must pay a portion of these costs.

Medicare Parts A and B pay for less than 38% of the total health costs incurred by older adults. This is partly because of the deductibles and the portion of allowed costs the patient must bear (for example, patients always pay 20% of the allowed cost for doctor visits). Also, some older adults see health professionals who charge more than the "approved amount" standards set by Medicare. In these cases, the additional amount must be made up by the patient.

Take into consideration that **Medicare does not cover** certain services and supplies needed by many older adults. These include eye exams and eyeglasses; dental care and dentures; foot care; hearing exams and hearing aids; private duty nursing; and in-hospital personal services. The cost of long-term custodial nursing home care and unskilled home care also are not covered.

Remember:

- "Reasonable charges" — approved amounts — are the maximum costs Medicare allows for physicians' services. If your doctor charges more, you pay the extra amount in addition to your standard 20% co-payment. (The law limits the amount doctors can charge to 15% above Medicare's approved amounts.)
- Doctors who "take assignment" will charge the approved Medicare amount. Be sure to check ahead of time. Local Social Security offices will have the list of area doctors who accept assignment.
- Medicare covers home care only when a doctor recommends *skilled* health care services.
- Most nursing home care is *not* covered by Medicare.

Table 1. **MEDICARE COVERAGE (2009)**

Part A — Hospital Insurance — (Free if eligible)

Covered Care	Benefit Period	You Pay	Medicare Pays	Not Covered
Hospital: semi-private room, nursing services, meals, drugs, lab and x-ray, rehabilitation	90 days (60 days must elapse after leaving hospital to be eligible for a new benefit period)**	\$1,068 of the covered services for the first 60 days * * * \$267 a day for next 30 days	Balance of covered service for first 60 days * * * Balance of covered service for next 30 days	Private nurses, first 3 pints of blood; telephone, television in room; and all services covered by Part B of Medicare
Post-Hospital: skilled care facility (after at least 3 days in hospital), semi-private room, meals, drugs, rehabilitation therapy	100 days	Nothing for first 20 days * * * Up to \$133.50 a day for next 80 days	100% of first 20 days * * * Balance of next 80 days	Same as above, as well as personal services (barber, hairdresser, laundry). Also excluded—long-term custodial care.
Post-Hospital: skilled home health care on a part-time basis through a home health agency participating in Medicare under <i>limited</i> conditions	Unlimited	Nothing	All Costs	Treatment for conditions <i>not related</i> to most recent hospital stay. No <i>full-time</i> nursing, food or housekeeping services
Hospice: nursing care, medical, social services, additional services for terminally ill patients	210 days unless re-certified as terminally ill	Up to \$5 for each prescription drug; 5% for inpatient respite care	Balance of costs	
Psychiatric in-patient care	Lifetime maximum of 190 days	Same as hospital coverage	Same as hospital coverage	Same as hospital coverage

**60 reserve days over a lifetime are allowed for hospitalization (with beneficiary co-payment of \$534 per day). They may be used to extend your benefit period beyond 90 days, but once used they are not renewable.

Part B — Medical Insurance (For 2009, requires monthly premium payments of \$96.40.)

Covered Care	Benefit Period	You Pay	Medicare Pays	Not Covered
<ul style="list-style-type: none"> • Doctor's fee (including surgeon's) • Outpatient hospital care including x-ray therapy, diagnosis lab and x-ray fees • Certain Medical supplies and devices • Certain drugs only administered by doctors • Mammogram screening • Bone mass measurements • Diabetes monitoring • Prostate cancer screening • Hepatitis B vaccination 	Unlimited	\$135 deductible plus 20% of balance of "reasonable charges" (according to Medicare fee schedule)	After your deductible, 80% of "reasonable charges"	<ul style="list-style-type: none"> • Dental care or dentures • Eye exams, glasses • Hearing exams, hearing aids • Orthopedic shoes • Plastic surgery • Most drugs and medicines
<ul style="list-style-type: none"> • Colorectal screening • Pap smear • Flu and pneumonia shots 		Nothing, unless charges are over Medicare's "reasonable charges"	Medicare pays both the deductible and the co-payment	
<ul style="list-style-type: none"> • Limited mental health costs 				
<ul style="list-style-type: none"> • Home health services: skilled care 	Unlimited	Nothing, unless charges are over Medicare's "reasonable charges"	100%	<ul style="list-style-type: none"> • No <i>full-time</i> nursing, no food or housekeeping services

MEDICARE-SUPPLEMENT PLANS

If you are a member of a group plan at work, check with your human resources office to see if your health plan provides for continued coverage upon retirement. Many public employers continue coverage for early retirees — those retiring before age 65. Many also cover post-65 retirees with plans that supplement Medicare. If your employer offers a health insurance plan, find out if it will cover deductibles, co-payments and services not covered by Medicare. Will your employer pay all or part of the cost of the insurance premiums?

If, at retirement, you cannot continue with your group health plan, you may want to consider purchasing **Medigap insurance**. These plans are specifically designed to fill in the “gaps” of traditional Medicare deductibles and co-payments. These policies typically cover Medicare Part A or Part B deductibles, or both, and *sometimes* offer services not covered by Medicare. They typically do *not* cover eye, dental or foot care, and nursing home custodial care.

In most states, there are 12 standard Medigap plans offering different levels of supplemental coverage. The premiums for a particular Medigap plan can vary from one company to another and from state to state. Check carefully and make sure you understand all provisions before you buy any supplemental insurance. For more information about Medigap policies, call 1-800-Medicare (1-800-633-4227).

In most cases, if you participate in an employer-sponsored group plan, you won't need additional coverage. Even if you must pay the premium yourself, a group plan usually offers more for your money than an individual Medigap policy. So, stick with your employer's group plan if you can.

MEDICARE ADVANTAGE PLANS

Medicare Advantage (MA) is the name of Medicare's private insurance program (also known as Medicare Part C). These are optional insurance plans that **replace** regular Medicare coverage and may provide some additional benefits.

Only about 23% of Medicare beneficiaries opt for MA plans, with most preferring the original Medicare program. That's because Advantage plans usually have significant restrictions and limitations. Where original Medicare lets seniors choose any doctor or hospital, Advantage plans almost always have a more limited number of service providers. Instead of paying these providers for individual services, the plan pays them a fixed amount that covers all services for each beneficiary.

The most common type of MA plan — and most restrictive — is a **Health Maintenance Organization (HMO)**. HMOs **require** participants to go to a local network of doctors and hospitals (except for *emergency care* outside the HMO's geographic area), so these plans make little sense for seniors who spend part of the year in another location. HMOs also restrict access to the network's medical specialists: Patients must first get permission from their primary care doctor.

A variation on an HMO is a **Patient Provider Organization (PPO)**. It's somewhat less restrictive because participants can seek care outside the plan's network — but only if they're willing to pay additional fees, which can be substantial.

The newest Medicare Advantage options are fee-for-service plans operated by private insurance companies. They're similar to the original Medicare program because participants can go to any service provider that accepts the plan's payments (and many doctors and hospitals refuse to accept these plans). There's no network and the plan reimburses providers for each service. Seniors who join these plans should recognize, however, that they are actually leaving the regular Medicare program and will be dependent on their private insurer for *all* their coverage.

MEDICARE DRUG BENEFIT

In 2006, Medicare started offering limited drug coverage through a program known as Part D. The benefit is provided by private insurance plans (rather than Medicare itself) and participation is voluntary. Retirees who have equal or superior drug coverage



from an employer or union don't need Part D. They shouldn't purchase a Part D plan unless their employer or union requires it.

For everyone else, Part D is certainly better than no coverage at all, but it remains a limited benefit with big coverage gaps. Most retirees (who have no other coverage) purchase a Part D plan when they are first eligible. If they don't choose a plan at that time, they will pay a penalty if they ever decide to join: 1% percent added to the plan premium for every month the decision is delayed. (A year's delay, for example, would mean a permanent 12% increase.)

Beneficiaries must choose a plan from dozens offered in their area. The average premium for a Part D plan (in 2009) is about \$37 a month. Many plans also have annual deductibles (averaging \$295). The retiree also pays 25% of all drug costs up to \$2,700 for the year. Then benefits cease and the retiree enters a big coverage gap known as the "doughnut hole." While in the hole, the retiree pays 100% of all drug costs between \$2,700 and \$6,153.75 (while still paying monthly premiums). At that point, coverage begins again, with the retiree paying 5% of all additional drug costs for the year.

For more information on Medicare, Medicare Advantage, and Medicare Part D, consult the website (www.Medicare.gov), the *Medicare & You* handbook (available at local Social Security offices) or call 1-800-MEDICARE.

If Your Spouse Has Coverage...

If your spouse is also covered under an employer's retirement health care plan, and you decide to opt for your spouse's coverage rather than your own, be certain that you will continue to be insured under that group plan if your spouse should die before you. If such coverage would be terminated or reduced in that event, you may be better off taking single coverage under your own employer's plan when you retire; your spouse can remain under his/her employer's plan, or go under yours if that's an option.

LONG-TERM CARE (LTC) INSURANCE

Traditional Medicare, Medicare Advantage and Medigap insurance plans do not cover the cost of non-medical at-home care or the full cost of long-term care in a nursing home. If you have substantial assets that might have to be liquidated to pay the high cost of nursing home care, you may want to consider a private LTC insurance plan. Check the details of each plan carefully, make sure benefits increase with inflation, and avoid plans that raise the premiums as you get older. For more information, contact your state insurance office or your local Area Agency on Aging.

IV.

Taking Advantage Of Time

From Job to Retirement: Looking Forward to Free Time

Most of us picture retirement as a period when we will have a lot of "free time" — time to do what we choose. Most retirees enjoy their leisure time, but some find that it takes months or years before they learn how to do so.

Many people both fear and look forward to leisure time in retirement. One survey of employees age 40 and over at seven large companies found that:

- *"Free time" was ranked first among the things they most looked forward to in retirement.*
- *"Boredom, inactivity, loneliness" were ranked first among the things they least looked forward to in retirement.*

As the results of the survey suggest, leisure time in retirement offers some exciting possibilities. Yet, many of us fear that we may not know how to take advantage of those possibilities. One of the major advantages of leisure planning is gaining confidence that we will enjoy our free time when we decide to retire.

YOUR JOB. IT'S TIME CONSUMING

Consider how many hours you devote to a job each week. It's not just the 40 hours on the job, but also the commuting time and the amount of thinking time a job consumes, even in off-hours. Instead of 40 hours, it's more likely that a job consumes 45, 50 or even 60 hours of your time each week. In fact, probably no activity in your life uses more time than your job, with the possible exception of sleeping.

Most people recognize that this is true. As a result, most people are a little concerned about retirement, wondering how to put all those hours to good use. Retirement can and should be a time to do the things that make us happiest. By planning ahead, you can throw away fears about boredom and forget about "vegetating." You can arrange an exciting life for yourself and have something concrete to look forward to in retirement.

CAN YOU RELAX AND ENJOY LIFE?

Many people are workaholics. The belief that work is good and not working is bad can be traced to our cultural past. The early settlers of North America considered work a virtue and not working sinful. In often subtle ways, this notion has been communicated from generation to generation down through the years. Although beliefs about the virtue of work may not be as strong today as in the Pilgrims' time, they nevertheless may be obstacles to really enjoying leisure time.

Some people are better than others at overcoming the urge to work too much, whether it's in paid or unpaid employment. But you shouldn't feel guilty about leisure. The "all work and no play" approach to life is not healthy physically, mentally or emotionally. Everybody needs time to "re-create" themselves, to refresh the body, invigorate the mind and stimulate emotions. Leisure time and enjoyable activities help people function at their best and get the most out of life.

Focus on What You Enjoy Most

Sometimes, people develop a pattern of activities that keeps them busy but provides relatively little enjoyment. To help you avoid this syndrome, here's an exercise designed to focus your attention on the activities you enjoy most. Ideally, it will help you

plan the amount of time you'll want to devote to these activities in retirement. The exercise has three steps.

STEP 1 — List the 10 activities you enjoy most.

STEP 2 — Your spouse (or another person you may be retiring with) should list the 10 activities he or she likes most. Next, number the activities in their order of importance to you.

STEP 3 — Consider the amount of time you are now devoting to the activities you value most. Married couples and others who will retire together should compare lists and priorities.

Evaluate Your Approach to Leisure

When you finish the steps above, consider the following:

- What amount of time are you now devoting to the activities you particularly enjoy? Should you be devoting more time to these?
- Compare your activities list with that of your spouse. Are there some that both of you have listed? In general, do you enjoy the same type of activities?
- If you were to retire tomorrow, which of these activities would you spend more time on?

You may see certain similarities among groups of activities that can give you a clue to the kinds you value most, such as visiting with loved ones, spending time in wildlife areas, continuing education, reading, traveling and so on. Clarifying your likes and dislikes in this way can provide valuable information for leisure planning for the retirement years. If you are planning to retire with a spouse or another loved one, you'll need to know about each other's likes and dislikes so your joint planning can have the best results.

THE BENEFITS OF LEISURE ACTIVITIES

As stated earlier, leisure activities can renew and refresh — physically, psychologically and emotionally. But let's get more specific about the potential benefits of well-planned leisure activities in the retirement years. Leisure activities can meet basic needs that are important to everyone.

These include the need for recreation, for recognition and self-esteem, for being loved and being needed and for expressing creativity.

Self-Esteem

Everyone has a need for self-esteem. Self-esteem is how people regard themselves, how important and valuable they think they

are as individuals. Often, self-esteem is tied closely to a job. Retirement from a job makes some people feel that part of their identity has been left behind. They lose their sense of achievement, of being appreciated and respected for their accomplishments. Try not to let this happen to you.

Fortunately, there are numerous opportunities for achievement, recognition and respect through leisure pursuits. These can prevent or cure the "nobody" feeling. In fact, there are many cases in which major accomplishment and recognition were first achieved after retirement.

The value of knowing yourself — what you like and don't like — is that it provides the basis for planning leisure quests that can maintain your self-esteem. These also can be richly enjoyable in other ways. For example:

- *A retired highway employee with tired feet developed an arch supporter that, to his surprise, has evolved into a rapidly growing business.*
- *A retired hospital worker and his wife grow prize-winning roses.*
- *A retired school bus driver is now in charge of transportation for his church's field trips.*

As with these retirees, you may need to plan specific retirement pursuits that will likely produce the feeling of achievement and recognition that is so important to every human being.

Fulfilling Social Needs

Each person has a need for love and affection, too, and a need to belong. These desires can only be met through others. In this regard, spouses, children, friends and relatives are vital. But just as a balanced diet is necessary to meet nutritional needs, a diversity of activities with others is essential to meet social needs. No one should rely exclusively on a few friends and relatives who, with time, may move away or die.

Although it's only natural to feel the loss when a close relative or dear friend is no longer there, your personal happiness is apt to be threatened less if you develop additional rewarding relationships. Joining and actively participating in community organizations, AFSCME retiree chapters, religious groups or other activities can be an important means of accomplishing this. You will not be confronted with a constantly shrinking number of friends and relatives as time passes if you make a point of continuously building new social relationships.

Other Benefits

Self-esteem and fulfilling social needs are important, but they are not the only benefits of leisure activities. Here are some others:

- **Fun.** The more fun you can get out of an activity, the better. Since you select the activities, you can include those that you find most entertaining.
- **Creativity.** You may have creative talent that you have not had the opportunity to adequately express. Such talents range from baking and interior decorating to furniture refinishing and short story writing.
- **Adventure.** Travelling abroad, finally getting that college degree, taking up ballroom dancing — these are the kinds of activities that can add spice to your life.
- **Physical fitness.** You could sign up at a health club, take classes in yoga, or join a bowling league or swim team. What could be a better use of time than getting yourself in shape so you really enjoy life?
- **Emotional satisfaction.** Most people get emotional satisfaction from close relationships. Spending time with family and friends can give you a sense of belonging and being appreciated. Solitary activities, such as reading books or writing poetry, can also satisfy emotional needs.
- **Mental stimulation.** The mind is a remarkable mechanism. The more you stimulate it, the longer you'll maintain mental sharpness — even into advanced age. So keep reading and learning about the world. Do crossword puzzles. Take a computer class. Try new things.
- **Income.** Sometimes leisure activities can provide a necessary income supplement. A surprising number of retirees have launched new, well-paying careers based on former leisure pursuits.

In planning for retirement, you will need to identify leisure activities, that (a) provide benefits for you now, and (b) will or could provide them to you when you retire.

Keep Your Options Open

One way to better enjoy retirement is to include new activities, perhaps experimenting with some things you are not sure you'll like. A comprehensive list of potential activities would resemble a large city telephone directory in size, so the following list includes only a sample of the possibilities. Look over these activities and think about which ones might meet your needs. Try to be open to some experimentation. You'll never know which activities you'll enjoy until you try them.

ADULT EDUCATION

In recent years, there's been an explosion of educational services for older people. Adult education courses are offered in every community and more than one institution or organization may



offer them. Community college programs are among the most popular.

Also, some universities have extension programs that may blanket an entire state, with courses available in communities that are hundreds of miles away. County governments often have adult education departments that sponsor courses at various county locations. Senior centers, community centers and religious organizations may offer classes as well.

VOLUNTEER AND COMMUNITY SERVICES

Retirement is also a good time to become involved in volunteer or community service activities. Nationwide, millions of older persons are active in some type of volunteer work. If you would like to share your knowledge and experience as a volunteer, you probably can find opportunities right in your own neighborhood.

Community activities can meet some of your own needs as well as the needs of others. For example, if you help a school child learn to read, you'll get a lot of satisfaction from hearing the words read back to you. And if you help a person get a job or obtain needed medical care, you'll feel pride in your accomplishment.

Everyone has some knowledge or skill that would be valuable to a volunteer or community service organization. Here are a few examples:

If you...	You could...
Understand legal issues	Join a consumer group
Are religious	Help out with church programs that aid low-income people
Like older persons	Assist at a senior center
Enjoy photography	Sign up with an environmental group
Love children	Volunteer with the Foster Grandparents' Program
Like parties	Organize parties in nursing homes and day care centers
Sew well	Repair clothes for needy kids
Know sign language	Interpret for the deaf at hospitals or social service agencies
Have a good voice	Read to nursing home patients
Are good with tools	Repair toys at a day care center
Like to write	Write letters for people who are sick or handicapped
Enjoy meeting people	Work in a political campaign

Many communities have a central clearinghouse for nonprofit groups in need of your help. Look in your telephone directory or check with your local government or library.

AFSCME RETIREES

The AFSCME Retirees, launched by the International Union in 1980, is a nationwide network of retired public-sector workers. AFSCME now has more than 235,000 retiree-members, organized in chapters and subchapters across the country. And we're growing every day.

AFSCME retiree-members are dedicated and fun-loving older people who have united out of friendship and common concerns. Members get together at regular meetings of chapters and subchapters and socialize at a variety of events throughout the year. Retirees also participate in chapter-sponsored educational programs and community services.

Most important, however, is the ongoing fight for dignity and security for retired public employees. To achieve this goal, AFSCME retirees are *working together* to protect and improve public-sector pensions and health care coverage, and are continually doing battle with federal officials over efforts to undermine Social Security and Medicare.

AFSCME retirees lobby Congress, appeal to state legislatures, even fight city hall — all with the full support and ready assistance of AFSCME councils, locals and the International Union. AFSCME has made a firm commitment to the retirees organization because

the union values the experience and wisdom that AFSCME retirees have acquired over their lifetimes. Retiree members have a place in the AFSCME family, and can still make important contributions to our union, our communities and our nation.

If you think you might like to join a Retiree Chapter, get in touch with your AFSCME district council or local union to see if there is a group in your area. If no chapter or subchapter exists yet and you would like to help start one, contact the AFSCME Retirees at 1625 L Street, N.W., Washington, DC 20036-5687, or call (202) 429-1274. You can also obtain information on the Internet at www.afscme.org/retirees.

CREATING RETIREMENT WORK OPTIONS

It's not always possible to get paid for doing the things you enjoy most. Sometimes, though, if you look hard enough, you find an enjoyable leisure activity that also increases income.

Here's an example of a couple who are a few years away from retirement. Pete works at a public hospital; Meg has a job as a school secretary. Pete also works Saturdays at a bicycle shop, where he is learning to repair and maintain 10-speed bikes. Meg spends Saturdays in class at the nearby community college. She's learning sign language for the deaf.

In this example, Pete and Meg are exploring retirement work options on an after-hours basis. If Pete decides he doesn't really want to work on 10-speed bikes when he retires, that's fine. It's better to find out in advance, so he can continue to explore other possibilities. Right now, he can take his time. There's no pressure. He's not in a money bind, since he has a full-time job.

Similarly, Meg is hoping to work with deaf children when she retires. She loves children and thinks she will be able to get a part-time job at a local rehabilitation center. What if she finds out she doesn't enjoy signing after she learns it? It's still been an interesting experience. She can easily move onto a new opportunity, with no regrets. As with Pete, Meg is using the pre-retirement period to find out what she likes and does well. That's a great way to create retirement work options.

Getting Started

Are you interested in creating your own job possibilities? If so, there are a number of steps you can take:

1. Make a list of the things you like to do. Start with activities that you like the most — that are most important to your enjoyment of life. Include your most satisfying accomplishments (they do not have to be job-related). Try listing at least 20 activities. You might want to list a few of the things you don't like to do — to make sure you avoid them in your new job.

2. **List the job titles you have had.** Under each title, list the most important skills you acquired in that job. You'll assess these skills in terms of future jobs in a later step.
3. **Write the titles of three jobs that you would particularly enjoy having in retirement.** Disregard any thoughts such as "I couldn't do that" or "they wouldn't hire me." After you have put down the titles, list the basic skills each job requires. Then judge whether you already have these skills in some form or could reasonably acquire them before retirement.

Pursuing the Job You Want

If you have followed the preceding steps, you should have a better idea of the types of jobs you like and perform well. But how do you get such a job?

The reality is that good jobs — the kind most people want — become tougher to get with age. To get the job you want, with an employer you like, in a location that fits your needs, paying what you desire — this requires a few more job-seeking skills than many people have used in the past.

So, let's say you've zeroed in on one of several types of jobs you might want to try. What do you do next? At a minimum, you will need to:

- Find out which employers in your area or city have the type of job that interests you.
- Determine how your background and skills, your interests and motivation, your creativity and ability — any asset you can claim — can help an employer solve a problem or do a better job.
- Prepare either a letter that describes your qualifications or a job resume. Go to your local library and look through some of the job letter-writing and resume-writing books and manuals. Find some samples that suit you (for either a letter or a resume), and then model yours after them.
- Before an interview, make a list of the questions you are likely to be asked, then go over each question and determine how you would answer it in a positive way. Make a list of points you want to stress in the interview.
- Be personal and persistent. In any interview or other communication with an employer representative, always keep in mind that you are not talking with a company but with a person. Remember, too, that persistence pays off. Checking back with an employer after an interview is how many people get jobs.

SETTING SHORT-TERM GOALS

Since it is so easy to put things off when it comes to planning free time, it is usually worthwhile to establish some means of monitoring your actions. An excellent device for doing this is setting short-term goals. This can help you stay on target and keep track of your progress. Experience shows that as you begin to achieve your objectives, your early success will motivate you to set even more challenging goals for yourself.

What is a short-term goal? Here are some examples:

- *Call the AFSCME retiree chapter today for information on meetings and activities.*
- *Buy or borrow some books this week on woodworking.*
- *Telephone the pastor tomorrow to get more information about a specific church activity.*
- *Inquire next week about investment clubs in your community designed for small investors.*
- *Check the newspaper's want ads this weekend and call about at least one of the jobs.*

As you can see, these are very concrete actions with a definite time for their accomplishment. Moreover, the actions are "bite-size," that is, you can accomplish them successfully without a superhuman effort. Success tends to breed success. The key is to establish a pattern of success now and have it carry over into your retirement.

RESOURCES

- ***What Color is Your Parachute? 2007: A Practical Manual for Job Hunters and Career Changers***, by Richard N. Bolles, California: Ten Speed Press, 2006. A complete guide for use in the job-hunting process.
- ***Elderhostel catalogues***. Elderhostel Inc., 75 Federal Street, Boston, MA 02110-1941. Call toll free 1-877-426-8056 or visit the website www.elderhostel.org. Provides a variety of educational opportunities for older adults in the United States, Canada and more than 80 other countries.
- The website www.seniors.gov has sections on Education, Training, Employment and Volunteering, as well as other useful information for retirees and people nearing retirement.



People and Places



Relationships Change, Along With Circumstances

Where you will live and who you will be spending time with are important factors in planning for your retirement years. The next few pages will help you focus on the personal relationships in your life, on the options you have for living arrangements in retirement and on places in your community that provide services for older adults. After you look over this information, you'll have a fuller picture of what may lie ahead. It will help you make decisions on an informed basis.

When you plan for retirement, remember that people are resources that are as important as financial resources. Everyone gets enjoyment and satisfaction from relationships with others. As you face some of the changes that aging brings, you'll need

family and friends to help support you through these often-difficult transition times.

Take a look now at the people you turn to for companionship, support and assistance. How will retirement from your job affect these relationships? How can you keep these relationships going and perhaps build new ones?

FRIENDSHIPS ON THE JOB

When you stop working, you'll stop the casual on-the-job friendships that provide a great deal of your daily contact with other people. To keep that contact going in retirement, try to make plans on a regular basis with your friends from work. Getting together regularly to play cards on Friday nights, or go shopping on Tuesday afternoons, can help. If you want to do something new, such as joining a senior center or helping at a local children's hospital, ask a friend to do it with you. You'll have

someone to go with and a new interest to share. Don't wait for others to ask you — take the initiative.

A good way to continue old friendships and start new ones is to join the AFSCME retiree chapter in your area. You will be with people you've worked with, who share similar backgrounds and experiences. (For more information on AFSCME retiree chapters, see **Section IV.**)

MARRIAGE AND RETIREMENT

Retirement affects marriages in different ways. After 45 years of going separate ways every weekday, suddenly a couple faces 24-hours-a-day togetherness. While this presents new opportunities, it can also present some difficulties. Talk to your spouse about what you both expect from your free time. What activities do you want to do together? Alone? How will you handle household responsibilities? What changes could you make in household routines? You need to talk openly and honestly so you can eventually negotiate schedules and activities that will be satisfying to both of you. Before retirement, you may want to start developing some new, common interests that you can enjoy together. For example, you could join an organization, take up a hobby, plan future vacations. Work on ways to be together during those free days ahead. But remember, keep up or develop some of your own interests and don't expect your spouse to share all your time, activities and friends.

If you and your spouse will be retiring at different times, you need to talk about what pressures this could put on each of you. One will be continuing a familiar lifestyle, and one of you will be starting a whole new way of life. Remember, you'll both have to make adjustments. Again, frank and open communication can help you see both sides of this situation and help you work out ways to make this transition time satisfying for both of you.

LIVING SINGLE

More than 10 million Americans over the age of 65 live alone. Some are widowed, some are divorced, some have never married. Single people who have developed interests and friendships already have the basis for establishing a support network for their retirement years, a network that will give them companionship as well as assistance, if the need arises.

So, it's wise to cultivate a network of friends over the years. This is particularly important for women, as the majority of older women live alone, due to divorce or death of a spouse.

For both women and men, the loss of a spouse is one of the most stressful events in life. That loss, whether sudden or anticipated due to illness, brings grief. But preparation does help.

On a practical level, a husband and wife should counsel each other on how to cope, discussing where financial documents are located, how appliances are operated and all the other details, large and small, that one partner takes care of and the other knows little or nothing about. On an emotional level, it helps enormously to have close friends, to have a social network that can rally around and lend support at the time of loss and, later, help the widowed partner to resume living a full life.

Loss of a spouse may also result from divorce. The trend for many years has been a growing divorce rate in marriages of 20 years or more. A person's reaction to divorce often follows a similar pattern — a sense of loss, a period of emotional adjustment, and finally, recovery.

Groups of widowed adults and older divorced people can be very helpful to others who are dealing with loss, showing them how to look ahead toward a new identity and way of life. These kinds of support groups are run by churches, organizations for older adults and community groups.

FAMILY TIES

Relatives can also be friends, and an important part of your support network. As you look ahead to retirement, give some thought to strengthening family ties. Consider actually getting together with the cousins who say, every time you meet at a wedding or graduation, "Why don't we get together?" Think about spending more time with your children and with your grandchildren.

Take grandchildren fishing or camping; teach them how to cook, sew, work with tools; introduce them to whatever you like to do. Try to spend time with your grandchildren, one at a time. Listen, as well as talk, and you will discover special companions.

At the same time, recognize that you have your own life and you should not be taken for granted. A grandparent does not have to be: (a) a constant babysitter or (b) a continuing source of extra financial support. Be clear about what you are willing to do and what you consider inappropriate demands.

If you have elderly parents, as many people of retirement age do, it can be very rewarding to spend time with them. It can also be difficult. Do the best that you can for an aging parent who needs help, but try not to let their problems dominate your life.

The very old need emotional support, especially in times of loss. An elderly person may feel a real sense of loss, and need real comfort, with the death of a pet or the sale of a lifetime home. Although such a loss may seem trivial to some, it may be the last unbearable link in a chain of losses. Often, the best emotional support you can give is simply being there, listening. Always keep in mind that you may be in the same spot someday, also needing the help and comfort of family members.

LIVING ARRANGEMENTS

Today, most adults in the United States choose to stay in their own homes after they retire. A growing number, however, move to a new residence, which could be in the same community or somewhere else. The options for living arrangements for retired adults are multiplying due to demand. Since the population is aging rapidly and people are living longer, housing needs and the options available may change over 20 years of retirement.

Here's an example of how things can change. When the husband turns 65 and retires, Mr. and Mrs. Jones decide to stay in their own home. When Mr. Jones is 75, they move to a duplex that is closer to the homes of their children. Five years later, Mrs. Jones is 79 and a widow. She wrestles with the choice of moving in with her daughter or renting an apartment in a retirement community.

To plan adequately, get a sense of all the options available to you, now and in the future. Consider all the pros and cons of different options. The following information can help you begin planning for your housing needs.

Housing Options for Retired Adults

In retirement, you could

- continue to live in your present home
- buy a smaller, less expensive house in same area
- buy a smaller, less expensive house in a new location
- buy a condominium or co-op apartment
- buy a mobile home
- rent a house or apartment
- convert current home to smaller units (live in one, rent the others)
- buy a duplex (live in one unit, rent the other)
- move to a retirement community
- live in subsidized housing for older adults
- move to an assisted-living apartment with a common dining room, health services and recreational facilities
- live in the home of family members
- move into a "granny" or ECHO flat (small, prefab house put up in the backyard of relatives)
- share housing with other older adults

Consider Expenses

When looking at a particular housing option, determine what the costs will be and compare them with your retirement income.



Add up annual mortgage or rental costs, property taxes, insurance, utilities, average cost of yearly repairs and any other housing-related expenses.

Also consider that if health problems occur (remember, unskilled home care or nursing home costs are not covered by Medicare), or in case of widowhood, retirement income can be reduced. Look closely at the affordability of any housing situation — for now and for the future. Make sure you get all the facts when you are considering a move.

If You Have Equity in Your Home...

Under federal law, on a joint tax return you can exclude from taxable income any profit on the sale of a principal residence valued up to \$500,000. You can exclude up to \$250,000 on an individual return. There is no longer any age requirement or requirement that you purchase another home in order to qualify. You must have owned and lived in the house for at least two of the five years before the sale, however.

For many people, this benefit could make it possible to sell the family home, make a large tax-free profit, use part of the money to pay cash for a smaller place in the same community or in a new community, and still have money left over to generate additional retirement income.

There are some innovative ideas, as well, for helping older people *remain* in their homes as long as possible. One such innovation, called a "reverse annuity mortgage," permits a homeowner to trade equity in the home for monthly payments from a lending institution, which can add to retirement income. The homeowner can continue to live in the home and retain title. He or she remains responsible for repairs, taxes and insurance on the property. Depending on the amount of equity established by the homeowner, a reverse annuity mortgage arrangement usually lasts from five to 10 years.

A similar arrangement is known as a sale/leaseback agreement. It enables an individual to remain in the family home after selling it to an investor who agrees to pay all taxes and costs and, then, lease the home to the seller. The seller receives a lump sum payment or monthly payments from the new owner, as well as a guarantee of lifetime occupancy based on an agreed-upon rent.

If you are considering these or similar innovations, be sure to investigate carefully, with legal assistance, before entering into any binding agreements.

Other Considerations

In addition to taking a close look at the financial aspect of housing for our retirement years, we need to consider other factors. Look over the following lists and evaluate the housing options you are considering.

Does the residence:

- have an adequate amount of space?
- have easy up-keep?
- provide for a comfortable, attractive environment?
- have nearby easy-to-use transportation services?
- have nearby shopping, restaurants, libraries?
- meet present or future health and convalescent needs?
- offer the opportunity of neighborly contacts?

Does the community or general area:

- have a climate and scenery you enjoy?
- have an affordable cost of living?
- provide for adequate safety?
- have good health care facilities?
- offer employment opportunities for older adults?
- provide entertainment, recreation, and/or educational opportunities?
- have an AFSCME Retiree Chapter, a church group or senior center to foster social activities?
- provide opportunities to see family and friends?

The variety of living options available to older persons has increased dramatically in recent years. You'll have to decide what factors are most important to you when making a decision about living arrangements. But remember, take a look at the whole picture — finances, safety, friendships, health needs, etc. — and get all the facts before making final decisions.

YOU MAY NEED COMMUNITY SERVICES

While communities have developed public and private services to meet many of the demands of older residents, the communities differ widely in the services they offer. In general, the larger the community, the more services it is likely to provide — both public and private. Nevertheless, there is often a surprising diversity of services available in even relatively small communities.

Health, shelter, nutrition, safety and basic finances can become serious problems for older adults. This is why it is useful to know, before a crisis, what services are available in your own community or nearby.

Here are some suggestions on how to proceed, once you've identified the problem that you are trying to resolve.

- **Check the Yellow Pages First.** Sometimes a needed community service can be located quickly by looking in the *Yellow Pages* of the phone book. Social services are usually listed under "Associations" or "Social service organizations." Programs operated by a government agency will be listed under the name of the city, county, state, or federal agency that operates them. Churches, clubs, fraternal organizations and educational institutions are also under separate headings. While these are organizations not services, the names of some organizations often suggest the types of services they provide. A few phone calls could bring you more specific information.
- **Look for Special Directories.** Many communities have printed directories of community services and programs for older adults. These directories will vary from a one-page listing to a printed booklet. A directory will most likely include the name and address of each organization, a brief description of the services it offers, hours of operation, and any eligibility requirements, such as age or place of residence.

The Eldercare Locator

The Eldercare Locator is a free public service offered by the U.S. Department of Health and Human Services' Administration on Aging. It is a nationwide directory of local support resources for older persons. For more information, call **1-800-677-1116** and ask how to contact the Area Agency on Aging (AAA) that serves your zip code. Your AAA can provide you with information and referral on senior services available in your community. You can also find the national list of AAA's on the Administration on Aging's website: www.aoa.gov.

The Internet

The Internet can be a valuable research tool as you begin your retirement planning. If you don't have a computer, you may be able to use one at a local library, educational institution or senior center. A non-profit group called SeniorNet (www.seniornet.org) offers computer training for older persons at more than 170 centers around the country.

Resources in the Community

Following is a list of some of the resources available in communities across the country. These agencies and organizations either provide services directly or can help you locate them.

- **Employment Service Resources:** "Forty-Plus" Employment Agencies, "Over 60" Employment Agencies, Area Agencies on Aging, State Employment Offices, Senior Centers, Senior Community Service Employment Programs, Private Employment Agencies.
- **Health Service Resources:** state and local government health departments, United Way, Area Agencies on Aging, Visiting Nurses Associations, Social Security offices for Medicare forms, state offices of human resources (welfare office) for Medicaid, community clinics, Lions Clubs, medical and dental schools, local medical and dental associations, public health offices, doctors, dentists, ophthalmologists and optometrists, hospitals, nursing homes, HMOs, adult day care services, respite services that offer assistance to caregivers of elderly parents or spouses, hospices for the terminally ill.
- **Income Service Resources:** state or local human resources offices, United Way, Area Agencies on Aging, Social Security Administration, Veterans Affairs.
- **Legal Service Resources:** United Way, Area Agencies on Aging, neighborhood legal services, legal aid offices, public defenders, police, district attorneys, local bar associations.
- **Nutrition Service Resources:** United Way, Area Agencies on Aging, senior centers, cooperative extension services, churches, Meals-on-Wheels.
- **Recreation Service Resources:** Area Agencies on Aging, city or county recreation departments, church clubs, libraries, YWCAs and YMCAs, senior centers.
- **Transportation Service Resources:** United Way, senior centers, community action agencies, churches, public transportation agencies.

- **Emergency Service Resources:** ambulance services (police, private, hospital, fire department, etc.), doctors or hospitals, utility companies (gas leaks, broken power lines, etc.), poison centers, police departments, fire departments, Red Cross.
- **Financial Resources for Housing:** U.S. Department of Housing and Urban Development (subsidized housing, free legal and financial counseling), Farmers' Home Administration, U.S. Department of Veterans Affairs.

Tips for Seeking Services

- Always **telephone before visiting** a service organization, so you can be certain that the agency actually provides the help you need. If they do, you'll want them to explain the most efficient way of using their service. Then, make an appointment to meet with the person who administers the aid, if that is recommended.
- **Keep pen and paper handy** during the phone call. Be sure to record the name of the staff member with whom you speak. You may want to call back for clarification. Also, referrals are common. One organization may suggest contacting individuals in other organizations and you'll want to be able to jot down this information.
- Prepare a brief, precise **statement describing your need**. The clearer you are about the help you are seeking, the more likely you will be to get the proper information and assistance.
- Be ready to **share important information**. If you are contacting agencies such as Social Security and Veterans' Affairs, you may save time if you have your Social Security number or military service number handy.

START PLANNING NOW

You can start to make plans for new relationships and living arrangements several years before you retire. Begin making new contacts by participating in groups in which the members share your interests. Start exploring housing options and make a list of the most important facts you discover. And become acquainted with the community services offered in your area, or wherever you plan to live in retirement.

Remember, retirement can be the best time of your life ... if you plan it that way.



American Federation of State, County and
Municipal Employees, AFL-CIO

For More
Information Contact:



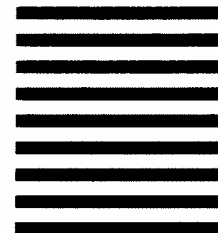
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Do you have
What It Takes
to be an
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As a retiree member of AFSCME, you know that **our union is fighting for the basic rights of every American**, including a good job, a decent income, affordable health care, and a secure and dignified retirement. Over the years, we've carried that fight to Congress, state legislatures and city halls by writing letters, making phone calls and visiting the offices of our lawmakers. In today's high-tech world, however, **grassroots lobbying is taking place at the speed of light**. If you can't move quickly to get your message out, **you lose**.

By joining the AFSCME Retirees e-Activist Network, you can get AFSCME's message in an instant. We'll tell you why you should act fast on an important issue and provide instructions on how to call or e-mail your lawmakers.



Yes! I want to receive e-mail updates on issues that affect my retirement security. Sign me up for the **AFSCME Retirees e-Activist Network**, so I can take quick action on the issues I care about.

Name _____

Street Address _____

City _____ State _____ ZIP Code _____

Retiree Chapter/Subchapter _____ Phone (____) _____

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